

Government turns to phase 3 'kitty bargaining'

"Kitty bargaining", under which employers and unions would work out the distribution of phase-three pay increases within an agreed level, is seen by the Government as probably the best way to retain the unions' confidence in the social contract, Mr Booth, Secretary of State for Employment, indicated yesterday. But he suggested after a speech to the Electrical Power Engineers Association that a level of 11 to 14 per cent they were seeking was too high.

Limit unlikely to exceed 10%

From Paul Routledge, Labour Editor

The veil was lifted yesterday as the Government's plan for a third round of income policy, Mr Booth, Secretary of State for Employment, said that "kitty bargaining" was probably the best way of retaining union confidence in the social contract.

Addressing the conference of the Electrical Power Engineers' Association, the minister said that the "kitty" principle, under which employers and unions would work out the distribution of pay increases within an agreed overall limit, was being discussed with union leaders. But he suggested afterwards that the figure of 11 to 14 per cent being sought by power engineers was too high.

In a speech evidently written for the occasion, he told delegates who had been voicing grievances over differentials: "The claims of some groups for special treatment could be met only at the expense of others whose claims are equally valid. That is why some trade unions are now saying that a policy based on the kitty principle is the only sort of pay policy that is workable."

That approach gave negotiators the opportunity to work out the distribution of pay increases within the group concerned. That, he admitted, would place a heavy burden on their shoulders.

"Who can see what needs to be done to resolve the existing imbalances on pay structures if it is not the unions and employers who are closest to them?"

Mr Booth's broad hint about the way the Government would like to see the restrictive pay policy develop into a freer system of bargaining was the first substantial revelation of government thinking.

He said afterwards that the "kitty" approach, which does not look like offering more than 10 per cent overall if the Government has its way, ought to contain several elements: a basic percentage increase for everyone; a separate provision to deal with the difficulties of differentials created by two years of pay policy; and provision for wage restructuring and incentive schemes.

Mr Booth has yet been put forward by union leaders in his private exchanges with the minister, but, when asked whether the 11 to 14 per cent demanded by the power engineers was acceptable, Mr Booth said it would be "very difficult to accomplish". His remarks were plain; the figure was too high.

Mr Booth said he was putting forward his ideas to the power engineers because they were the only conference he had had since the Budget. "We are very close to the time of the debate on the motion for the 'kitty' principle," he said. "The TUC economic committee was to discuss the Budget and social policy on April 13, and the minister's remarks will be carefully studied."

Leaders of three big unions, the Amalgamated Union of Engineering Workers, the Transport and General Workers' Union and the General and Municipal Workers' Union, are under strong rank-and-file pressure to abandon their commitment to the social contract and its pay-restraint provisions. But Mr Booth said yesterday: "We can do what has never been done before, that is, achieve a transition from a very tight policy to a system of free collective bargaining in a way that eases the pressure without bursting the dam."

"There are problems to which there is no easy solution. But I believe we must face up to them to develop the social contract as the basis for advancing the role of the trade union movement in national affairs."

"I know how strong are the pressures on trade union negotiators to put pay restraint behind them and seek to negotiate increases big enough to restore lost earnings power. I know that it is the purpose of trade unions to advance the interests of their membership. But that means looking beyond the immediate pay increase to the effect on real standards of living."

"I know that the reduction in real living standards which most of us have experienced over the past 12 months has focused attention on grievances that might otherwise have not seemed so acute."

"I know the temptation to say that it is just too difficult to keep the lid on any longer is very great. I believe, however, that this situation faces the trade union movement with a most serious challenge; to reconcile proper sectional interests and collective interests."

The minister said that unless the challenge was met Britain might revert to the "all-out" familiar pattern of substantial pay increases for some trade unionists being reflected in higher prices for all and loss of jobs for many.

It would not be easy to decide on a change of state, three, and agreement between the Government and the unions would not be easily reached. But no one, Mr Booth stated, had offered any plausible alternative to pay restraint.

"What we must not be duped into thinking is that we have a choice of reaching an agreement or dispensing with one altogether. We do not have that sort of option. We have climbed much too far up the road to recovery, and made too many sacrifices along the way, either to turn back or even to sit down and call it a day."

"People in this country are sick to death of feeling that they are poor, of being unemployed, of Britain being regarded as an international beggar. But it is the time when people have been able to participate in their own nation's recovery. It would be unthinkable to rob them of the fruits of that responsibility now."

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Port Talbot children enjoying a parade yesterday near the silent blast furnaces. Strike report, page 2.

Labour face Ashfield by-election

By Our Political Correspondent

Mr David Marquand, aged 42, who is expected to take an appointment with the European Commission as political adviser to Mr Jenkins, the new president, resigned as MP for Ashfield yesterday.

A formal announcement said he had been appointed Steward of the Manor of Northstead, the traditional method of resigning from the Commons.

Elected in 1966, Mr Marquand had a majority of 22,915 in the October, 1974, general election. He is devoted to the European cause and came in for criticism when it was announced in December that he was taking up the European appointment, while remaining a member of the Commons. He explained that he was being employed on a consultancy basis and would continue with his Westminster duties.

When he met constituency workers last weekend he hinted that he would be resigning. Organizers in other parties thought Mr Marquand had been persuaded to say on behalf of the Government that the difficulty period when it appeared that a united attack by the Opposition might force a general election. The agreement with the Liberals has removed that danger.

Mr Marquand's resignation starts in motion another by-election campaign in which the Government's policies will come under attack. But Ashfield is a Labour stronghold.

Already Labour has a prospective candidate in the wings. Mr Michael Cowan, Mr Marquand had 35,367 votes at the general election; the Conservative, Mr Richard Kemp, 12,452, and the Liberal, Mr Hampton Filmer, 7,959.

380,000 cut from new town's growth target

By Craig Seron

A big shift in government policy on England's new towns was announced yesterday. It is proposed that six of the latest ones will have their projected population targets cut by a total of 380,000. The six towns are: Skelmersdale, Redditch, Basildon, Corby, Runcorn, Harlow and Stevenage. It was proposed that their development corporations should be wound up within five years.

Mr Shore, Secretary of State for the Environment, told the Commons that changes were necessary because of radical alterations in population forecasts and the difficulties being created in inner cities.

There would be no extensions for the eight older towns affected, which had largely and successfully fulfilled their purpose. The six third-generation new towns launched in the mid-1960s were planned on the basis that the population of England and Wales would reach 60 million by 1991. Recent trends suggested it would reach only 51 million.

The programmes for the six latest new towns, Milton Keynes, Northampton, Peterborough, Telford, Warrington, and Central Lancashire New Town, were fundamentally altered. "My broad conclusion is that there must be a substantial reduction in the target figures set 10 years ago for the growth of these new towns," Mr Shore said.

It was necessary over the next seven or eight years substantially to maintain the momentum of their development, but he wanted detailed and urgent consultations with the development authorities and local authorities about revising their population targets.

Mr Shore said he wanted them to do more to help inner city areas by taking a higher proportion of disadvantaged people, rather than skilled people with a job to go to. He also wanted them to do more to meet the growing demand for owner occupation.

No extensions were planned in the programmes of the earlier new towns of Bracknell, Stevenage, Redditch, Basildon, Corby, Runcorn, Harlow and Stevenage. It was proposed that their development corporations should be wound up within five years and that discussions should start with the local authorities in arranging for their continued normal growth.

Mr Shore said he would make a statement after Easter on the contributions of the new towns to the economy of the country.

His announcement that Milton Keynes should grow to about 150,000 by the mid-1980s and eventually 200,000 instead of 250,000 was welcomed in the town.

Mr Shore proposed that Warrington should continue to grow to 160,000, making a population of about 170,000 by the late 1980s in place of the previous target of 205,000. Mr David Binn, general manager of the development corporation, said that that would support the commitments made in the town centre and at Birchwood.

A reduction from the projected population intake of 100,000 to only 23,000 is proposed for the Central Lancashire New Town.

The Council for the Protection of Rural England said that Mr Shore's decision to change new town policy required courage. The whole statement is a crushing blow to the bodies, such as the Town and Country Planning Association who have argued that bigger new towns are necessary.

Parliamentary report, page 6

Mentmore hopes fade as deadline nears

By Penny Symon

Last-minute hopes of saving Mentmore Towers faded last night after a meeting between Mr. St. John, Secretary of State for the Environment, and representatives of groups trying to save the Buckinghamshire mansion and its art collection for the nation.

After an hour-long meeting with the leader of the delegation, Mr. Patrick Cormack, Conservative MP for Staffordshire, South West, said he feared that the house would have to be sold at auction by its owner, Lord Rosebery, next month.

Lord Rosebery had extended his deadline for a decision by the Government to acquire the mansion for £3m, in lieu of death duties, until midnight tonight.

The Government has said it would be willing to contribute £1m from the National Land Fund so long as private sources came forward with the remaining £2m, but it could not take the whole price from the fund at the time of economic stringency.

"We told the minister that there was £1m definitely pledged but the problem is finding the remaining £1m," Mr. Cormack said. "We shall be working hard tomorrow to see whether any eleven-hour plan can be formed, but it does not seem very promising."

One of the groups concerned, Trafalgar House Investments, the shipping and property group, has offered £200,000. The National Art-Collection Fund is prepared to give an interest-free loan of £250,000.

Days of delight, page 16

Sussex raid uncovers false dollars

Forged United States currency with a face value of millions of dollars was seized in a raid at Pagham, Sussex, yesterday. Several people were detained for questioning in London.

Officers from No 7 regional crime squad, based in Bristol, with Scotland Yard's flying squad, and forged currency squad, organised raids in London. After some people had been questioned inquiries spread to Sussex.

In the garage of a bungalow at East Mead United States currency either in process of being made, or awaiting distribution, was found, with a complete printing plant and advanced photographic equipment.

A United States secret service officer is understood to have helped the forged squad as an adviser during the operations.

The police said several men will be charged.

Petrol-saving speed limits may be lifted

By Our Motoring Correspondent

A government decision on the future of the 50 mph and 60 mph speed limits, imposed in December, 1974, as a fuel-saving measure, will be announced in the Commons today.

It is expected that one limit, or both, will be lifted, although the Department of Energy has been arguing for their retention.

The limit impose a maximum speed of 50 mph on single carriageway roads and 60 mph on dual carriageways other than motorways. They have been called ineffective by motoring organizations.

In the past two years more than 25,000 motorists have been prosecuted for failing to observe them.

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New defeat for Government on teacher cuts

Government suffered another setback in the Commons last night, this time on proposals for reducing teacher pay in Scotland. At the conclusion of the debate the motion for the Government was carried by 203 votes to 185, a majority against the Government of 18. The Commons adjourned at 7.13 pm. The vote was 185 to 203.

Some Scottish Labour MPs, evidently abstained. Mr. Taylor, Tory spokesman on education, attacked the proposals as an abuse in economic butchery.

Parliamentary report, page 6

Bonn calls for EEC spending curbs

West Germany pressed its EEC partners to limit increases in Community spending to a 10 per cent ceiling next year.

It also made clear, in a debate among finance and foreign ministers in Luxembourg, that it opposed an extension of the EEC's borrowing powers.

Page 6

Chinese defeated

There was disappointment for China in the finals of the world table tennis championship in Birmingham, where Kohna, of Japan, won the men's singles and Pak Yung Sun, of North Korea, retained the women's title.

Page 12

Rhodesia talks plan

Dr David Owen, the Foreign Secretary, said the idea of convening a conference to draw up a constitution for an independent Rhodesia during his tour of southern Africa, the Foreign Office confirmed. He is not taking a "cut and dried blueprint".

Page 8

Ban on misleading petrol advertising

A government ban on misleading petrol advertising will be announced today. The operation of a voluntary advertising code by most petrol companies and retailers' organizations has been unsatisfactory in some areas. The Motor Agents' Association said it hoped the Government would discuss details of measures with the trade.

Page 4

Ulster outrages

A clothing company's premises just outside the security zone in central Belfast was set on fire and a soldier died in hospital after a mine explosion.

Page 2

Arts chief quits

Mr Roy Fuller, the poet, has resigned from the Arts Council and its literature panel, of which he was chairman.

Page 2

Squeeze on science

Support for scientific research will be cut by 3 per cent in 1977-78.

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Brussels: EEC to make a new attempt to end the dispute with Iceland on fishing limits

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Boy must go to school

Justice Geoffrey Lane said in the Court of Appeal that a father who uses to take his son, aged 12, to comprehensive school is gambling his future. The court ruled that boy must go to school even if it was taking him away from his parents.

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HOME NEWS

Steelworks electricians preparing for long strike in a clash their union says they cannot win

From Trevor Fishlock Cardiff

The electricians whose unofficial stoppage has halted Port Talbot steelworks yesterday, although their union secretary said they had not a good case and could not win.

The 520 strikers want greater recognition and reward for their skills. After two years spent trying to establish their status, and seeing differentials eroded, they struck two weeks ago out of frustration.

Inevitably, the steelworks was closed and 6,700 men were made idle. Faced with the loss of 45,000 tons of steel a week, the British Steel Corporation intends to get supplies from other works and from abroad if necessary, to feed the tinplate plants at Trostre and Velindre, in South Wales, which have about nine days' stock.

The Corporation says failure to ensure these supplies would seriously damage the tinplate industry and its workers.

The strikers have passed a

vote of confidence in the South Wales executive officer of the Electrical, Electronic, Telecommunication and Plumbing Union, which criticized their action last week. Yesterday they were annoyed to hear Mr. Frank Chapple, their national secretary, support the management and say the men should return to work.

Mr. Chapple said in a radio interview: "It is unfortunate that the nastiness that will arise from this dispute is being precipitated by this official action. The men have ignored the union's advice."

"I do not think their case is good and the management could not have given away because of the social contract. As a craft union we have been unhappy with the way the craftsmen's lot has deteriorated during the social contract, but a deal is a deal and has to be adhered to. As a union we called for a social contract."

Mr. Chapple ruled out making the dispute official. He said the men should return

and the union would negotiate over jobs requiring special skills.

British Steel thinks that settlement with a particular group of men would upset pay structures at Port Talbot and lead to disruption throughout the industry.

There is gloom in Port Talbot at the prospect of a long strike, and sympathy for the electricians does not seem to be widespread. But the strike leaders say they have the full support of their men and are supporting money and letters of support.

Mr. Wyn Bevan, who heads the shop stewards' committee, said the electricians felt betrayed by the corporation and their union. "We might be isolated from our union but we are not isolated by the working class. Our men are solidly behind us and I have not heard a single voice raised against the strike."

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Power station engineers demand 10% pay rises and restoration of pay margin

From Paul Routledge Labour Editor

Power station engineers, who control the national electricity grid, served notice on the Government and TUC yesterday that any new pay policy must give them rises of at least 10 per cent.

Mr. John Lyons, their union leader, said: "If there is to be a pay explosion we shall be part of it."

He added that the power engineers would use their industrial power if necessary.

When delegates to the Electrical Power Engineers Association's annual conference voted their hard line on pay only one hand was raised against a resolution insisting on the restoration of differentials and recovery of living standards.

Addressing himself directly to Jack Jones, Mr. Lyons said: "If the purpose of another round of pay policies is to prevent us lurching into hyperinflation and still greater unemployment, and to protect the weak such a policy cannot simultaneously be used to redistribute the income of our members and that of other skilled and professional workers into the pockets of others."

In a warning that further circumstances could lead to industrial action, the Prime Minister was told yesterday. Mr. Lyons continued: "It is this redistributionist feature of the last two rounds of incomes policies that has done more to undermine the credibility of the Government than anything else. It has made the negotiations of the latest, most critical phase of the income policy, phase three, without which the sacrifice of the past two years will have been quite useless, almost impossible."

The reduction in differentials for skilled work must be halted and reversed, he said. "We have had seven years of concentrated assault on differentials unprecedented in its severity in such a short space of time in all our industrial history."

"For the next several years we must aim for a very substantial widening of differentials in British society to make

it worth while to work, to train and to accept responsibility."

In the next round of pay policy, if one is agreed, the power engineers will be looking for increases ranging from 11 to 14 per cent, on top of the tax concessions of about 3 per cent outlined by the Chancellor in his Budget last week. If they sought to restore members' living standards to 1975 levels the union would have to claim an average increase of 57 per cent.

The difference between these figures would be our contribution towards a third round of income policy, Mr. Lyons said.

He dismissed speculation of a pay policy based on a figure of 5 or 8 per cent as "entirely unrealistic", adding: "I appreciate that figures of 11 to 14 per cent are greater than the Government has in mind. Nevertheless the choice before them may well be an agreed policy allowing for increases of up to those levels, or the alternative of no policy and a wages explosion leading to increases of 20 to 30 per cent quite commonly across the country."

If the TUC did reach a deal with the Government that carried general consent and was capable of support by the union, the power station engineers would subscribe to it loyally and wholeheartedly. But if there was no pay policy but a general free-for-all "we would have no option but to join in, and no option but to claim much higher figures," Mr. Lyons said.

The resolution adopted recognizes the desirability of a further round of voluntary income policy to avoid excessive inflation and further unemployment but demands compensation for any reduction in living standards in 1977 and the restoration of differentials. If no such policy is agreed between the unions and the Cabinet, the union's executive is now authorized to take all appropriate steps, including industrial action, to defend power engineers' living standards.

He said that in the negotiations in London Mr. Lyons, the national officer, instructed him that the electricians were not to man the sinter plant unless the management were prepared to pay an increase and recognize the men's technological involvement.

Mr. Bernard Clarke, the South Wales executive officer of the union, had said that the executive had considered the Port Talbot men's case and had decided to support them on their claim over the sinter plant and several others.

"He said we had a case for upgrading our electricians right across the site, apart from a few grey areas, but not at this particular time. He instructed us to go back to work."

After that the men voted by 420 to 16 to reject their leaders' advice and to strike.

They also passed a vote of no confidence in Mr. Clarke. The members were told about plans to form a new union to take in civilians working for the police. Chief Supt. John Keyte, secretary, said: "We are talking about a police employees' staff association that would have representatives on the police council."

Other officers contended that if civilians were called out by their unions on a national strike "many police procedures would collapse in chaos."

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It allowed an appeal by Trident against the £1,284 redundancy award to Mr. Vaughan by a London industrial tribunal and set the award aside.

Mr. Justice Kilner Brown said: "A decent employer, on the facts of this case, would seriously wish to consider whether his moral obligations do not transcend all strict legal obligations."

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Differentials prove a matter for contention

By Our Labour Editor

Mr. Wyn Bevan, aged 39, is convenor of the Electrical, Electronic, Telecommunication and Plumbing Union, at the South Wales steel plant of the British Steel Corporation. This is his account of the dispute.

The claim goes back two years. It concerns resentment at the widening differential between electricians at Port Talbot and technicians who were largely recruited from their ranks but are now members of EESA, the white-collar section of their union, which is being built up to attract "crafts".

The electricians earn about £60 a week basic, compared with about £70 for a shorter working week paid to the technicians. At one time the differential was the other way, by as much as £2. New technology has demanded greater skills from everybody employed at Port Talbot. The electricians have been on the same training courses as the technicians and feel themselves to be their equals.

The Justice of the claim, Mr. Bevan argues, has been conceded by their chief negotiator, Mr. Edward Linton, chairman of the National Craftsmen's Coordinating Committee, which looks after all craftsmen in the industry and by the management. But attempts to get it implemented have been pursued through the local and national procedures of the British Steel Corporation without success.

Matters came to a head when five electricians were told to work on a new sinter plant, which roasts and blends iron ore before it goes into the blast furnace. They refused, on union advice, until the dispute over differentials was settled.

For more than an hour Labour and Conservative backbench MPs questioned Mr. Foot on the backlog of EEC legislation awaiting debate in the House and on arrangements for a second-stage scrutiny of documents being considered by the council, and the procedure for debating EEC instruments in standing committees.

The Government was seeking to overcome the backlog of 52

documents that had been recommended for debate in the House by the committee. Mr. Foot said he thought the backlog could be "pruned" and the House should find more time for debates, but it was not easy.

Mr. John Eden, chairman of the committee and Conservative MP for Bournemouth, West, said the backlog could give rise to at least thirty debates. Some development of a permanent or standing committee to make recommendations to the House would help.

Mr. Foot said there were big constitutional difficulties as well as practical ones on the question of a standing committee passing substantive motions on EEC legislation. He was not in favour of transferring decision-making to standing committees of that character. The committee and ministers might be set against one another in a way that would not be helpful.

Mr. Foot, leader of the House of Commons, acknowledged before the Select Committee on European Legislation yesterday that the system of processing EEC legislation through the House was not satisfactory. But there should be more experience during the rest of the session before the system was reviewed, he said.

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documents that had been recommended for debate in the House by the committee. Mr. Foot said he thought the backlog could be "pruned" and the House should find more time for debates, but it was not easy.

Mr. John Eden, chairman of the committee and Conservative MP for Bournemouth, West, said the backlog could give rise to at least thirty debates. Some development of a permanent or standing committee to make recommendations to the House would help.

Mr. Foot said there were big constitutional difficulties as well as practical ones on the question of a standing committee passing substantive motions on EEC legislation. He was not in favour of transferring decision-making to standing committees of that character. The committee and ministers might be set against one another in a way that would not be helpful.

Mr. Foot, leader of the House of Commons, acknowledged before the Select Committee on European Legislation yesterday that the system of processing EEC legislation through the House was not satisfactory. But there should be more experience during the rest of the session before the system was reviewed, he said.



Mr. Fuller: "No quarrel with individuals."

Arts Council literature head resigns

By Kenneth Gooling

Mr. Roy Fuller, former Professor of Poetry at Oxford University, has resigned his membership of the Arts Council and the chairmanship of the council's literature panel.

It is understood that he communicated his decision to the chairman and the secretary-general about a month ago. He decided to leave after disagreeing with certain of the council's decisions.

The council will now have to appoint a new chairman. Mr. Donaldson of Kingsbridge, minister responsible for the arts, will appoint a new member to the council itself.

Mr. Fuller said yesterday that his quarrel was not with any individual or with the literature panel but with the council's decisions. "I would prefer to say that one has got to accept collective responsibility for decisions and I just felt in the end that certain decisions I could not accept responsibility for."

It is not clear why the council failed to announce the resignation of someone of Mr. Fuller's stature. The deputy chairman, Mr. Jeremy Hutchinson, QC, said yesterday: "I think he found himself out of sympathy with a number of cuts or decisions that were made. It is extremely sad to lose him."

The shop stewards maintain that during the period of the social contract the 170 technicians were upgraded to foreman status.

He said that in the negotiations in London Mr. Lyons, the national officer, instructed him that the electricians were not to man the sinter plant unless the management were prepared to pay an increase and recognize the men's technological involvement.

Mr. Bernard Clarke, the South Wales executive officer of the union, had said that the executive had considered the Port Talbot men's case and had decided to support them on their claim over the sinter plant and several others.

"He said we had a case for upgrading our electricians right across the site, apart from a few grey areas, but not at this particular time. He instructed us to go back to work."

After that the men voted by 420 to 16 to reject their leaders' advice and to strike.

They also passed a vote of no confidence in Mr. Clarke. The members were told about plans to form a new union to take in civilians working for the police. Chief Supt. John Keyte, secretary, said: "We are talking about a police employees' staff association that would have representatives on the police council."

Other officers contended that if civilians were called out by their unions on a national strike "many police procedures would collapse in chaos."

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Copies of the letter went to senior officials in town halls and local council offices

was not entitled to redundancy compensation.

It allowed an appeal by Trident against the £1,284 redundancy award to Mr. Vaughan by a London industrial tribunal and set the award aside.

Mr. Justice Kilner Brown said: "A decent employer, on the facts of this case, would seriously wish to consider whether his moral obligations do not transcend all strict legal obligations."

The letter, handed in by Mr. James Jardine, chairman of the federation, refers to growing resentment in the service, deteriorating morale, and many officers, especially younger ones, "becoming so frustrated that it cannot be long before their operational efficiency will start to become adversely affected."

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Callaghan warning on European poll dispute

By Michael Hatfield Political Reporter

Mr. Callaghan, in what appeared to be an exasperated mood, made clear last night that he would not tolerate a continuing dispute inside the Labour Party on whether it should accept direct elections to the European Parliament.

The Prime Minister, who is anxious to avoid any repetition of Labour's internal strife over British entry into Europe, told a meeting of the Parliamentary Labour Party that the party must face reality.

Although he did not commit himself to any system of voting, Mr. Callaghan said there must be a Bill sooner or later, either in this Labour Government or in some subsequent Conservative Government.

There is every indication of the Prime Minister's determination to get the direct elections Bill through the present session in order to meet the target date for direct elections in May-June next year.

Mr. Callaghan had heard one or two speeches against direct elections he intervened and stated: "This party must really grow up. They must realize that our commitment is embodied in the treaty itself and we must adhere to the obligation we have and use our best endeavours to comply."

The party must debate it

Mr. Heath's view, page 4

and, "if as a party we come to a conclusion, then the minority, on whatever side of the fence, must subscribe to the decision."

"We are in Europe to stay and it is high time we realized this. When is the party going to come to terms with reality?"

"For heaven's sake, let us make up our minds and decide for the sake of the party and for the sake of the country for effective participation of Britain in the affairs of Europe."

The party meeting was adjourned and there will be further discussions inside the PLP after Easter.

Mr. Thatcher, leader of the Opposition, called a Shadow Cabinet meeting last night to discuss the Conservatives' attitude to the consultative White Paper on direct elections. It was agreed that decisions should be taken until the party saw the Bill to be produced by the Government and the type of motion that the Commons will be asked to vote on.

Labour backbenchers were also given a warning by Mr. Rees, Home Secretary, the Cabinet minister responsible for direct elections. He told them that if the present Government did not make the arrangements for direct elections, they would be asked to vote on a motion that the party will play no part in determining these arrangements."

The party must debate it

Mr. Heath's view, page 4

Mr Foot pleads for time on review of EEC system

By Our Parliamentary Staff

Mr. Foot, leader of the House of Commons, acknowledged before the Select Committee on European Legislation yesterday that the system of processing EEC legislation through the House was not satisfactory. But there should be more experience during the rest of the session before the system was reviewed, he said.

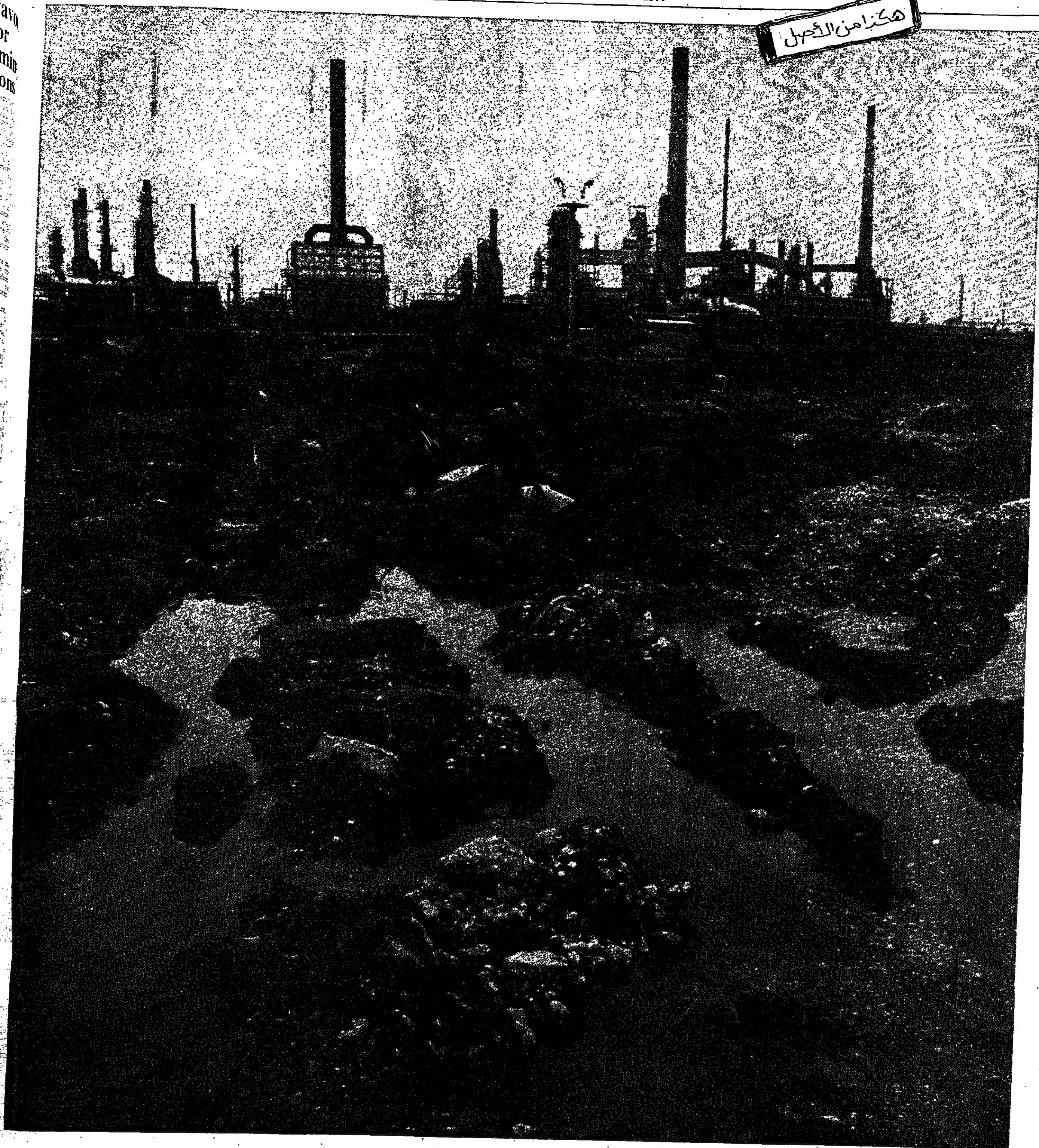
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Photograph: Gus Wylie

£10 Million an acre.

This 10-acre piece of property next to our refinery at Coryton, in Essex, will cost us about £10 million an acre before we're through building on it late in 1979. And well worth it, both for Britain and for Mobil.

What we're building is a fluid catalytic cracker. Now don't go away. Put simply, a "cat" unit allows us to get the very most petrol from each barrel of crude oil we process at Coryton.

This project, so costly it would terrify managements in most industries, represents an extraordinary outlay even for our business, where investments are customarily large. But it carries obvious benefits.

Just to begin with, it could save the country between 20 to 35 million pounds a year on the balance of payments. It also meets the government's desire for the oil industry to upgrade its investments in British refineries, and to produce more light products like petrol and less of the heavy ones like fuel oil.

Then, too, the engineering and construction needed for the new FCC unit will keep up to 2,000 people busy for the next few years. That should help improve the nation's employment figures.

Finally, we expect to purchase nearly all the materials and equipment for the new unit from British sources.

Although the Mobil name may not be so well known to the British public, we've been doing business here since the 1880s and now employ nearly 4,000 people in the U.K., with a total salary and wages bill of £23 million. We provide another 10,000 full-time jobs through our dealers and contractors.

Mobil Corporation, our parent company, is one of the half-dozen largest industrial corporations in the world; is a major oil producer worldwide, and an active participant in the North Sea work; and is a leading marketer of petroleum products of all kinds, around the world.

We're a sizeable organization, no doubt about it. Even so, the notion of a £100 million project gave us pause.

Mobil

HOME NEWS

Chocolate price rises monitored after cocoa costs increase

By Hugh Clayton

Increases in chocolate prices are being monitored by the Government after sharp rises in the cost of cocoa on international markets. The next increase on chocolate will come immediately after Easter.

Price changes have been obscured by much larger increases on tea and coffee which have already been referred by ministers to the Price Commission for investigation. Cocoa cost almost £1,000 a tonne a year ago and rose to more than £2,800 a few weeks ago.

Mars, which is to raise the recommended price of a "family" of Maltesers from 18p to 10p on April 18, said manufacturers had not recovered the increased cost of cocoa. "Consumer prices do not fully reflect those increases," the com-

pany said. "Future price increases at retail level are therefore likely."

Rowntree Mackintosh said the Price Commission had allowed it to raise the recommended price of a medium bar of Aero milk chocolate from 10p to 11p next week. In the middle of last year the price was 8p, the weight of the bar had not been changed since.

Cadbury said it had no plans to raise prices in the next three months. In the seven months from June last year the price for a 250gram bar of the dairy milk chocolate rose by almost half without a change in weight. A 200gram Mars Galaxy bar rose by more than half.

Mars said a 1lb bag of Revels would soon rise from 48p to 54p and a packet of peanut Treets from 8p to 9p.

PRICE CHANGES ON BARS OF CHOCOLATE

Company	Type	June	Aug	Oct	Jan	April
Cadbury	250gm Dairy Milk	37p	44p	54p		
Rowntree	Fry's Milk Sandwich	9p	11p	13p		
Mars	Medium Milk Aero	8p	9p	10p		11p
	Galaxy 200gm	30p	35p	39p		40p

Dearer beef warning

British beef prices would rise alarmingly if the European Commission's latest plans for farm-support prices were adopted, Mr Robin Pooley, chairman of the marketing committee of the British Poultry Meat Association, said yesterday.

Mr Pooley told reporters in London that the commission's proposals would add no more than 2p or 3p a pound to the shop price of chicken.

"You are talking about 10 times that amount when you apply the same thing to beef," he said. He rejected the contention of Mr Stikin, Minister of Agriculture, Fisheries and Food, that poultry farmers opposed an adjustment of EEC farm currencies because it would raise their costs.

"It would be very good indeed for the poultry industry," he said. "It would have a far greater effect on our greatest competitor, beef."

Boreholes may be tapped for Severn water

From Arthur Osman

Birmingham

To meet the growing demand for water from the Severn the water authorities in the sandstone south Salop may be asked to approve the scheme tomorrow.

A report on a six-year investigation into groundwater resources says water could be pumped from boreholes through the Severn and its tributaries.

The area chosen for the scheme is between Oswestry, Shrewsbury and Warrington, extending east to Market Drayton and Newport.

Councils want change in grant allocation

The Association of County Councils has told the Government that the present distribution of the rate-support grant to local authorities is no longer tolerable.

In a paper to ministers the association, which represents the 47 non-metropolitan counties in England and Wales, argues that the system must be changed to one based on need determined by population. It says that factors such as social deprivation should be recognized.

Latest rate figures show that while the overall hoped for increase of 15 per cent has been achieved the increase for non-metropolitan areas is 18.74 per cent.

3% cut in support for science research

By David Walker, of The Times Higher Education Supplement

Government support for scientific research will be 3 per cent less in 1977-78 than last year, the Advisory Board for the Research Councils announced yesterday.

The Science Research Council, with more than half the total science budget, will bear most of the reduction. Sir Samuel Edwards, its chairman, said: "Science is very buoyant in ideas at the moment; there are all sorts of developments on the international scene and Britain will simply have to miss them."

The £113m allocation to the Science Research Council reflects official policy of moving away from "big science" (high energy physics, astronomy and space sciences) in order to allow growth in engineering and cheaper areas of research. The advisory board expects that the expected contraction in the council's budget of nearly 2 per cent each year since 1981 will force British scientists to rely increasingly on international facilities for large-scale experiments.

Agricultural, medical, environmental and social science research will expand slightly this year and the advisory board said it expected those areas to expand at a rate of about 2 per cent a year for the next five years.

Man fails in claim after loss of a leg

Mr Victor Thompson, aged 27, who went into hospital for an operation to cure flat feet and had to have his left leg amputated below the knee because of gangrene later developed, lost his claim for damages in the High Court in Birmingham yesterday.

Mr Thompson, of Harehedge Lane, Burton-upon-Trent, had sued the West Midlands Regional Health Authority, alleging negligence by two doctors at Burton General Hospital.

Mr Justice Michael Davies was told that Mr Thompson maintained that doctors were negligent in failing to notice the gangrene.

The judge expressed sympathy but said he could not find in his favour "unless the evidence shows that the development of gangrene, or at least the development beyond the stage when action might have been taken to save his leg, was due to the negligence of any of the defendants."



Examining what is believed to be one of the dragons from Temple Bar are Mr Tyndale Daniell, of the Temple Bar Trust, and Mr Charles Puckett, clerk of works, who plan to restore the Bar to London. Diary, page 16.

Welcome for devolution setback

By Ronald Faux and Robert Parker

With Westminster deadlocked on devolution, and the economy static, the scent of independence strengthens north of the border. In the North-west, too, last month's setback to the Government's proposals has been welcomed.

In Scotland, analyses, reports and programmes examining the economics of a self-governing Scotland are emerging and the Scottish National Party has become optimistic that more Scots are seriously considering the likely impact of independence rather than dismissing the idea.

The Fraser of Allander Institute at Strathclyde University will shortly publish a report on the subject and 13 Scottish economists of various political beliefs have contributed to a book which will be published next month looking at the likely state of the Scottish economy assuming self-government by 1980.

Both studies use 1973 figures and agree that without oil royalties Scotland would have a trade deficit. Both, however, agree that independence for Scotland is feasible.

Several of the 13 economists doubt whether self-government would be politically desirable. Even so, the findings have proved useful to the nationalists at a briefing of prospective parliamentary candidates.

The nationalists argue that Scotland has closed the trade gap since 1973 and point out that in the United Kingdom example a trade surplus is not essential for a viable economy.

North Sea oil revenues, which the economists' study assumes would be divided 70 to 30 between Scotland and England respectively, closes any argument about whether a self-governing Scotland would be viable. Oil from the Scottish sector of the North Sea, it is estimated, would turn a £500m trade deficit into a surplus of more than £2,000m in 1980.

The SNP argues that since England requires foreign currency from oil and Scotland would seek to turn the oil into capital assets, a joint account might be opened between the two countries from which England could draw foreign currency and Scotland take her share in sterling.

The forecast by the 13 economists is particularly useful to

the SNP because many party strategists agree with its assumptions.

The North West Economic Planning Council views the Government's devolution setback as an opportunity to consider true decentralization of power and as a way of avoiding the extensive and wasteful upheaval in local government.

The council, replying yesterday to the Government's consultative document on devolution, says: "The constant prospect of change is almost as disruptive as reorganization itself; scarce resources of skill, money and time alike have to be devoted to the endless debate and are inevitably lost to the provision of services for the individual citizen."

"A cool, clear look at the overlapping functions of local authorities could bring a more effective and harmonious partnership between counties and districts without all the damage and expense inherent in another major upheaval."

The council argues that many reforms in government and administration have not been set in a coherent framework and that Britain is suffering from over-government.

Israeli master beaten by surprise element

From a Chess Correspondent

Birmingham

The Walbrook International Chess Tournament began in Birmingham yesterday with 12 players instead of the 15 intended. Overnight news from Yugoslavia was that Rukavina, the international master, would attend as a replacement so that qualification for at least the international master norm would be possible.

First round results were: Fovah v Lugishvili, Alekhine def. adj; Cordes v Bopp, Bickel def. adj; Lampert v Caffery, Nuretdin def. adj; Kagan v Balam, Care-Kern def. adj; Samson v Damjanovic v Bouleil, Fovah def. adj.

There was an early surprise when Michael Basman, playing what he has nicknamed the "Car-Keene" variation, managed to exploit surprise to overcome Kagan, the Israeli master, in an exciting game.

The only other game to finish was a steadily played draw between G. E. Lambert, the young British hope, and Bernard Caffery.

The remaining games were adjourned, with Damjanovic endeavouring to exploit the advantage of a passed pawn in a pawn ending, while Fovah has two bishops against a rook and knight with two extra pawns, one of which is passed and threatens to advance quickly. Cordes v Bopp is more complicated.

In brief

All Red Rum statuettes sold

A limited edition of 10 silver statuettes depicting Red Rum, the Grand National winner, which was advertised in *The Times* yesterday, was sold out within 15 minutes at a price of £1,850 each.

The models, cast from a sculpture by Gillian Hoare, were sold by Garrard, the jewellers.

Man 'killed to prove his love'

William Thompson who fatally stabbed a man in the street, wrote to his lover afterwards saying that he committed the killing to prove his love to her, it was stated at St Albans Crown Court, Hertfordshire yesterday.

Mr Thompson, aged 21, of Field Crescent, Royston, admitted murdering Bertram Wedd, aged 46, of Mill Road, Royston, last November, and was jailed for life.

Broadmoor order

Andrew Lee, aged 21, a schizophrenic of Luddenden Foot, West Yorkshire, who was said to have rolled a stone or to a passenger train, was ordered at Leeds Crown Court yesterday to be detained in Broadmoor hospital and not to be released without the consent of the Home Secretary.

Decree for actress

Miss Jill Townsend, the actress, who is filming further episodes in *Poldark*, the television series, was granted a decree nisi in the Family Division of the High Court yesterday against her husband, Mr Nicol Williamson, the actor.

'Life' for murder

William Osbourne, aged 22, of Windermere Road, Middleton, Lancashire, was jailed at Manchester Crown Court yesterday for life when he pleaded guilty to murdering Miss Patricia O'Flynn, who tried to stop him stealing from her home.

Uncontested suit

Mrs Everild Coleridge, wife of Mr William Duke Coleridge, a former Coldstream Guards officer and heir to Lord Coleridge, was granted a decree nisi in an uncontested suit in the Divorce Court yesterday.

Mr Callaghan's holiday

The Prime Minister plans to spend most of the Easter holiday on his farm in Sussex (our Political Staff writes).

More home news, page 18

TREVIRA FIBRE

67% Polyester 33% Glass

TO FIT WAIST 61cm

TO FIT HIPS 91cm

SIZE 24

Care of Hoechst

Trevira is the man-made fibre that's made quite a name for itself throughout the fashion world.

Not least because of the constant care with which its quality is controlled and its properties are developed to launch new fashion concepts.

And who makes Trevira?

Hoechst.

It's one of the world's largest companies. Last year it spent over £200 million on research alone.

Hoechst in the UK employs over 8,000 people in laboratories, factories and offices throughout the country.

In 1976, its UK companies had a turnover of about £300 million.

Its products in the UK, apart from fibres, include packaging films, plastics, dyestuffs, industrial and decorative paints, pharmaceuticals, office equipment, hair care products, sunglasses, perfumes.

Hoechst



For more facts, please write:
Care of Hoechst, Salisbury Road, Hounslow
Middlesex. Or phone 01-570 772 ext. 8169.

HUNTER COMMITTEE DECISION ON TOBACCO SUBSTITUTES.

First to be approved Two Silk Cut brands

In a letter to the Chairman of Gallaher Limited, makers of Silk Cut, the Chief Scientific Adviser to the Hunter Committee said:

"At its meeting on 25 March, the Independent Scientific Committee on Smoking and Health (Hunter Committee) concluded its consideration of the Consortium's submission on Cytrel 361 caramel coloured. The Committee concluded that it had no objection to raise on the scientific data you have submitted and it was prepared to consider marketing submissions for the inclusion of Cytrel 361 caramel coloured in cigarettes for their sale in the United Kingdom. This conclusion does not mean that the Committee finds the use of Cytrel 361 caramel coloured unobjectionable without restriction; the Committee will wish to consider detailed marketing submissions for all smoking products containing Cytrel 361 caramel coloured.

In the view of the Hunter Committee, the proposals for the use of Cytrel 361 caramel coloured as set out in your marketing submission with the product references GCM/1 and GCM/2 are unobjectionable."

Product references GCM/1 and GCM/2 are in fact two new members of the Silk Cut range which will be available for sale in July—they are:

**Silk Cut King Size
with Substitutes.**

This will be a low tar brand with 25% Cytrel in the blend. It will deliver 7.5 mgs. tar compared with 9.5 mgs. in the all tobacco version of this brand. Nevertheless, it will offer a fuller taste while retaining the essential characteristics of good Virginia tobaccos.

**Silk Cut Extra Mild
with Substitutes.**

This will be a very low tar King Size brand with 40% Cytrel and 2.8 mgs. of tar.

In confining approval to these two brands, the Hunter Committee stressed in its press release a desire to see the progressive development of milder cigarettes.



**SILK
CUT**

Silk Cut. The mild cigarette.

LOW TAR As defined by H.M. Government
EVERY PACKET CARRIES A GOVERNMENT HEALTH WARNING

WEST EUROPE

EEC decides on new attempt to solve Iceland fishing dispute

From Our Own Correspondent
Luxembourg, April 5

The European Community decided tonight to make a fresh attempt to break the EEC-Iceland deadlock over fishing rights for British trawlers in Icelandic waters.

Foreign ministers of the Nine agreed here that a Community delegation headed by a British minister and Mr. Gundelach, the European Commissioner for Fisheries Policy, should travel to Reykjavik as soon as possible to try to persuade the Icelanders to permit a resumption of fishing for British trawlers.

All British fishing activities in Icelandic waters ceased at the beginning of December and earlier attempts by the Community have failed to secure their return.

Welcoming today's decision, Mr. Judd, British Minister of State at the Foreign Office, said he was very enthusiastic about the idea. The delegation would widen the talks to embrace the political relationship between Iceland and the Community, he said. "There is a general feeling we have reached an impasse and we now need demonstration of our political concern."

Mr. Gundelach said that, in spite of repeated requests, the Icelanders had neither responded negatively or positively

to Community approaches. A new start to the negotiations was needed.

The fishing problem must be seen in the broader economic relationship between Iceland and the Community. This was taken as a reference to the existing free trade arrangement between Iceland and the Community. Under the terms of this arrangement, the Community imports quantities of fish products at special preferential duty rates.

Mr. Judd, who may well go to Reykjavik himself, as acting British President of the EEC's Council of Ministers, told his colleagues that until recently British fishermen had taken some 172,000 tons of cod from Icelandic waters each year. Now they took nothing.

Two other Community member states, West Germany and Belgium, still had fishing rights in Icelandic waters. But their agreements with Reykjavik would soon expire, and their fleets might face the same problems as the British.

During tonight's fisheries debate, the ministers agreed to send a letter to the Icelandic government asking for the licensing and quota arrangements for Soviet, Polish, and East German fishermen in Community waters. These countries are negotiating with the Community for long-term fishing arrangements.

Journalists halt publication of Milan paper

Milan, April 5.—Italy's biggest selling daily newspaper, *Corriere della Sera*, was not published here today because of a dispute between the publisher and journalists.

The journalists went on a 24-hour strike last night in protest against a decision by the publisher, Signor Angelo Rizzoli, to publish a book by a journalist, Signor Rizzoli, who was not a member of the *Corriere della Sera*.

Signor Rizzoli sought more advertising because the newspaper is deeply in the red.

Last Sunday the paper was not published because of a national strike of journalists seeking a new wages agreement.—AP.

Priest is jailed for stealing to help orphans

Namur, April 5.—A Roman Catholic priest was sentenced here yesterday to five years and four months in prison for stealing household furnishings worth 17m Belgian francs (£274,000).

The defence contended that Father Maurice Thirion, who is 43, and was chaplain of two orphanages, wanted to help disoriented children.

Three tons of furnishings from 110 thefts committed between 1969 and 1975 were found in the bungalow of his housekeeper, Mrs. Eliane Remy. She was sentenced to 18 months for complicity and receiving stolen goods.

After his arrest, Father Thirion denied the charges of "compromising objects". Part of the booty was then thrown into the Sambre river.—Agence France-Press.

Barcelona mayor backs Catalan autonomy moves

From Our Correspondent
Madrid, April 5.—Señor José María Soria, the Mayor of Barcelona, has added his influential voice to the growing autonomy movement in Catalonia by asking for the reestablishment of the *Generalitat*, the Catalan Government, which was suppressed by General Franco during the civil war 39 years ago today.

Señor Soria, who enjoys the confidence of Señor Suarez, the Prime Minister, in his Government-appointed post, asked councillors at a special meeting at the Barcelona town hall last night to support him in his request for the return of the institutions which Catalonia enjoyed under the 1932 statute. The statute gave Catalonia its parliament, the *Generalitat*, and other institutions and was revoked in 1938.

The Mayor was very careful in the way he worded his request, which was made in Catalan. Most of the councillors are highly conservative supporters of the Franco regime. His request, which will be forwarded to the Government, was approved without a formal vote being taken.

This was a remarkable achievement by the young, liberal mayor, for only a few years ago the Barcelona town council refused even to approve a move to finance a revival of Catalan culture. The autonomy movement is supported by the majority of the Catalan political parties and has become an issue in the campaign for general elections.

It was also an astute political move by Señor Soria, who has started to think of presenting himself at the general elections as a Catalan Democratic Centre candidate.

In Madrid, the Opposition's negotiating committee with the Government was meeting to discuss the legalization of the Spanish Communist Party (PCE) and other political parties. The Supreme Court has refused to take the decision on legalizing the PCE and sent the theory issue back to the Government. The Opposition will reiterate its demand for the legalization of all political parties.

According to reports, the Government is expected to take the decision on legalizing the Communist Party, almost certainly in the party's favour, after Easter.

Stockholm 'terror flat'

Stockholm, April 5.—Swedish police said today they had found explosives, forged passports and books on sabotage techniques in a Stockholm flat rented by Herr Norbert Kröcher, who was expelled with another suspect from Sweden to West Germany on Sunday.

He is alleged to have led a plot to kidnap Mrs. Anna-Greta Leijon, a former Swedish minister.

Police said they believed that

Herr Kröcher's flat contained 15lb of dynamite, manuals on guerrilla fighting and equipment for sabotage, and a telephone in a Stockholm flat rented by Herr Norbert Kröcher, who was expelled with another suspect from Sweden to West Germany on Sunday.

He is alleged to have led a plot to kidnap Mrs. Anna-Greta Leijon, a former Swedish minister.

Police said they believed that

Gibraltar fence 'must come down'

By George Clark
Political Correspondent

While Spain continues to maintain an "iron curtain" between Gibraltar and the rest of Europe, the Spanish Government cannot expect support for EEC membership from the British section of the European Movement, whose chairman is Lord Thomson, a former EEC Commissioner.

This was made plain by Mr. Ernest Wisrich, director of the British council of the movement yesterday when he spoke at a press conference launching its manifesto for "a united and democratic Europe."

He said that when he and Lord Thomson went to Gibraltar for the founding of a new branch of the European Movement recently they found more than 20,000 citizens of the European Community living in siege conditions.

In their report, published in *Facts*, the monthly journal of the movement, they state: "Isolated behind a 12ft barbed wire fence and padlocked gates, the people of Gibraltar have been cut off from the mainland of Spain since 1964.

"Thousands of Spanish workers living on the mainland but working in Gibraltar were deprived overnight of their jobs. Many families were split apart. All human contact has been cut off, except for telephone lines opened by Spain for a few days each Christmas."

Heart-rending scenes of children trying to shout across the no-man's-land to their parents, grandparents and friends are a vivid portrayal of the inhumanity of governments which use these people as pawns in furthering their political objectives."

Mr. Wisrich said that the local branch of the European Movement attracted to its membership every elected member of the Gibraltar Assembly, including the Chief Minister and the Leader of the Opposition, and more than 100 leading citizens.

"What became evident to us," he said, "was that the injustice and the genuine hardship suffered by them was no less real than the human indignity and isolation suffered by the West Berliners, imprisoned behind the Berlin Wall."

Dassault friend jailed for 8m franc fraud

From Our Own Correspondent
Paris, April 5

M. Hervé de Vathaire, the former financial director of M. Marcel Dassault, the multi-millionaire aircraft manufacturer, was jailed for four years today for embezzling 8m francs (£950,000) from his employer.

M. de Vathaire withdrew the money from a Paris bank last July. Later he said he had paid it to M. Jean Kay, a former mercenary in Yemen, Biafra and the Lebanon, but so far, the commission has not reported and the widespread impression is that it will be quietly allowed to run into the sands.

The money and the file have not been found. M. Jean Kay, who disappeared abroad after receiving the funds, was sentenced in absentia to seven years' jail and fined 20,000 francs.

The only other person in the dock was Mlle. Bernadette Roels, a former night club hostess, who was sentenced to 16 months' imprisonment, 10 of which were suspended.

At the trial of M. de Vathaire, M. Dassault repeated to the court that he had withdrawn the accused and forgiven him out of friendship for his former employee, who had served him loyally for 24 years. He claimed the file which M. de Vathaire had drawn up was in no way damaging. "The accounts of the firms were well kept because it was Vathaire who kept them," he added to laughter from the public gallery.

Both the president of the court and the public prosecutor refused to allow the case to become the trial of M. Dassault's business dealings. The file was only a digression, the prosecutor insisted. "Attempts have been made to give this affair a sensational character by trying to implicate M. Dassault. All we are concerned with here is a case of fraud," he insisted.

Paris, April 5.—The court was told that after the money was withdrawn M. de Vathaire, a 42-year-old married father of two, went to the French resort of Divonne. But when de Vathaire learnt police were on his trail, he sent Mlle. Roels back to her Paris flat while he flew to the Greek island of Corfu.

De Vathaire, who found his wife dead in the bathtub of their Paris home two years ago, returned voluntarily to Paris last September and was arrested.—AP.

Socialist meeting on detente

By Our Diplomatic Staff

Mr. Callaghan, the Prime Minister, is expected to attend a meeting of European socialist democratic leaders on Sunday and Monday week. His aim is to find common ground for the follow-up conference in Belgrade this summer on security and cooperation in Europe.

The Dutch Labour Party said yesterday that the heads of government of West Germany, Britain, Norway, Austria, Portugal, Holland, Malta and Denmark would attend.

A 10 Downing Street spokesman said that Mr. Callaghan was likely to attend the meeting but had not yet finally decided.

Socialist leaders in opposition, including those from France, Italy and Spain, are also expected.

The meeting will be devoted to a free discussion of such issues as human rights, the military aspects of European security, and developments since the 1975 conference in Helsinki, the Dutch spokesman said.

Mr. Callaghan was in Oslo last weekend for a meeting of European socialist democratic and trade union leaders on the economic situation and employment.

OVERSEAS



Wreckage of the Southern Airlines DC9 airliner lies scattered in the residential area of New Hope, Georgia.

68 die as airliner tries to land on narrow road

New Hope, Georgia, April 5.—The pilot of a Southern Airlines DC9 airliner, which crashed during a lightning and hail storm, tried to land on a winding country road, an investigator said today. The crash killed at least 68 people.

The airliner, with 85 people on board, hit trees, cars and a grocery store, before exploding and burning yesterday in the woods near New Hope, about 35 miles north-west of Atlanta.

The pilot, William McKemie, reported just before the crash that both jet engines had stopped and his windshield had been cracked during the storm.

Mr. Rudy Kapustin, the chief investigator in a team of eight sent by the National Transportation Safety Board, estimated

that the airliner had glided without power for "three to four minutes" before crashing 15 miles short of a military air base.

A Southern Airways spokesman today confirmed 60 deaths among the passengers and crew. He said that 26 people on board survived the crash, but one died later. Eight people were reported killed on the ground. Seven of them were members of a family group in a car parked outside the grocery store.

A number of the injured were reported to be in a critical condition in hospital, some with severe burns.

The cockpit voice recorder and the "black box" which records technical information on the flight were both recovered

and were sent to Washington for analysis. The investigators also planned to study tapes of the pilot's last exchanges with the Atlanta control tower.

A survivor, Mr. Don Foster, a pilot who was travelling as a passenger, told reporters that he believed the hail stones had knocked out the jet engines.

A Southern Airways spokesman commented: "Hall to the engines cannot be dealt with. It is an unfortunate act of God that man cannot combat."

As the aircraft glided down on to a narrow road, its left wing struck a telephone pole, causing it to veer into the grocery shop.

A petrol station attendant saw the airliner hit the pole and bounce off the ground, turn

on its side, and slide up the highway.

"It rained two of our fuel pumps by 2ft," he said. "That was a miracle in itself because we had just had them filled to the brim. Then the plane added right by the fire department and into the pump in front of Newmans grocery."

The badly burnt bodies of the people killed in the parked car have not been identified.

Attempts by the local fire brigade to fight the flames raging on the wrecked jet proved fruitless. The hoses were no match for the inferno.

One of the first rescuers to reach the scene said: "It was all messed up with pieces of aircraft, bodies and luggage. There were legs twisted, heads twisted."—Reuters and AP.

Artillery battles in southern Lebanon

Beirut, April 5.—Artillery battles raged in southern Lebanon today as controversy grew over Syria's apparent detente with Palestinian guerrillas.

Right-wing forces bombarded Rub Taltaleh, a key hill from which they were driven the day before, but left-wing forces held their ground, eye witnesses reported.

Palestinian artillery shelled Christian-held villages in the south's rural hills and a guerrilla captain said reporters his battery was shelling Israeli territory, three miles away, to block supplies coming from across the border for Christian right-wingers.

In Tel Aviv, the Israeli authorities admitted that their artillery was directed into southern Lebanon last night. The Arab shell landed in their territory. Despite claims from the Palestinians and their left-wing allies in Lebanon that Israel is supporting the Christian right-wingers overtly, Israel's far has denied direct involvement in the conflict.

Lebanese Christian leaders expressed bewilderment over official Syrian newspaper comments which suggested a change in Syria's attitude towards curbing the Palestinian guerrilla presence in Lebanon.

I wonder what the meaning is of this insistence on the armed guerrilla presence and military operations in southern Lebanon," Mr. Pierre Gemayel, leader of the right-wing paramilitary Phalangist Party, asked.

Mr. Dory Chamoun, a spokesman for the Christian National Liberal Party, also said he was "bewildered" by a Syrian leading article which said that agreements governing the Palestinian presence in Lebanon should await the rebuilding of the Lebanese Army.

President Assad of Syria whose forces clashed with Palestinian guerrillas during the civil war, earlier had taken the position that these agreements should be enforced without delay.

A leading article in the Damascus daily *Al-Bath*, which speaks for the ruling Socialist Baath Party, said today: "It is impossible that the present situation in southern Lebanon continues."

"The first step to be taken in this respect is to send Lebanese Army contingents into southern Lebanon, once this Army is formed, with the task of ending the fighting and defending the Lebanese border."

Carter plea for business confidence

From Fred Emery
Washington, April 5

President Carter is as concerned about inflation as he is about unemployment according to Mr. Michael Blumenthal, the Secretary of the Treasury. He has also quoted the President as saying that "there ought to be more confidence" among businessmen in the Administration's handling of the economy.

The Secretary of the Treasury, continuing his new efforts to instill that confidence, suggested here last night that if a Republican President had put Mr. Carter's economic package to Congress, the business community would be saying "at last we have a strong President."

Mr. Blumenthal insisted that the economic recovery was well launched and that the second quarter of this year would be very good, particularly in increased production.

His hope was that the Administration's intended stimulus to consumer spending would sustain demand well into next year, where some forecasts had tended to see demand flattening out.

Over drinks in his office with a small group of reporters, Mr. Blumenthal said at pains to emphasize that economic policy would no longer be "under the thumb of the Republicans" as it had been under the Carter administration.

Mr. Carter did not conform to the image of the typical Democratic President, he said, and he listed examples of his caution and restraint: Mr. Carter had halted costly Government-funded water projects in the face of a Congressional revolt; he had approved only a modest wage and had averted a protectionist approach in his decision to limit shoe imports.

The single reservation he expressed towards presidential actions was in the recent raising of milk subsidies. He would have been happier with a "bit lower" increase.

Mr. Blumenthal's principal concern was the sluggish pace of investment in new plant and equipment. "We don't want a quantum jump," he said, but it was presently increasing too slowly.

Asked to explain how an invitation to Taiwan and South Korea to agree to reduce their shoe exports to the United States "or else" could be described as "non protectionist," Mr. Blumenthal argued that it was a "matter of realism."

He agreed that it was more protectionist than doing nothing at all, but considering the range of options open he insisted that following this voluntary route was relatively less protectionist.

Mr. Blumenthal said that the shoe decision should not be read as an indicator of the President's pending decision regarding the other contentious imports—television sets, sugar and special steel; it could be read as an indication of the President's frame of mind.

He said it showed that the President, in making these difficult decisions, was going to be very concerned to balance domestic and international considerations, and that he would also take into account the inflationary aspects of raising prices of imported goods.

In addition, Mr. Blumenthal explained, Mr. Carter was determined to give the present opportunity to give Government help to "marginal companies" struggling to compete against imports.

Proposed remedial adjustment assistance had not often been used in the past, but the assistance "for the expiring companies. Now Mr. Carter wanted to see that such struggling companies got new access to capital, injections of technical and managerial know-how, and, among other aid, access to computers. The goal was to raise their productivity."

While disappointed on the forthcoming new energy policy, he confirmed that, unavoidably, it would involve increasing the costs of energy. That, he insisted, should help the car industry in spite of its losses.

Carter public image, page 21

By whom the constitution would be implemented would have to be discussed afterwards. The implicit hope was that then more reasonable white leaders than Mr. Smith might be in a position to take part in negotiations.

Mr. Smith, the leader of the Rhodesian white nationalists, arrived in London yesterday for talks with Dr. Owen and urged Britain to stop being "wishy washy" and "being like a jelly fish, with no backbone."

Mr. Smith requested a call for Britain to organize a referendum to decide on Rhodesian independence. But a Foreign Office spokesman said it was not feasible.

Mr. John Nkomo, one of the leaders of the Patriotic Front, is expected to arrive in London before Owen's departure.

The Foreign Secretary's present is to see President Nyerere of Tanzania. Dar es Salaam on April 5. President Machel of Mozambique in Maputo on April 5. Prime Minister of South Africa, Mr. P. W. Botha, is expected to arrive in Cape Town on April 13. President Seretse Khama of Botswana is expected to arrive on April 14. President Kaunda of Zambia is expected to arrive on April 15. There are present no plan to go Salisbury, the spokesman said.

Mr Brezhnev sees hope of curbing arms race

From Our Correspondent
Moscow, April 5

Soviet-American relations could still provide a good basis for the all-important goal of limiting nuclear arms, Mr. Brezhnev, the Soviet party leader, said today in his first public utterance on the results of the Moscow talks with Mr. Cyrus Vance, the American Secretary of State.

He claimed, however, that "our partners had deserted their constructive approach and at present are adhering to a one-sided position." A reasonable accommodation was possible, he said, but for this it was necessary that not only the Soviet side but the other side should realize its responsibility for curbing the arms race and search for a mutually acceptable solution "not in words but in deeds."

Mr. Brezhnev offered these homilies at a Kremlin dinner

for Dr. Fidel Castro, the Cuban leader. Most of the speech was devoted to praising Cuban policies and the positive results of Soviet-Cuban friendship.

It was all in Cuban policy, he stated, to interfere in the affairs of other states. Cuban actions were imbued with a lofty striving to consolidate peace and to aid people who had thrown off the shackles of colonialism.

Soviet policy was likewise aimed at helping the emancipation of former colonial peoples and aiding their economic growth as well as countering the forces of imperialism, the Soviet party leader said.

It was absurd to describe Africa, Asia and South America as arenas of rivalry between capitalist and socialist countries, he said. The Soviet Union and the United States, Mr. Brezhnev asserted, were departing from the capitalist road and choosing the path of socialism.

Turkish Assembly votes for early general elections

From Our Correspondent
Ankara, April 5

In an attempt to end an ever-deepening political crisis, the Turkish National Assembly tonight voted in favour of holding general elections on June 5, three and a half months earlier than scheduled.

The vote of the 450-seat Assembly, which was boycotted by the right-wing, pro-Islamic National Salvation Party, was 342 for, one against and seven abstentions.

The unusually high vote came after Mr. Suleyman Demirel's Justice Party, the main partner in the two-year-old right-wing coalition, and Mr. Bulent Ecevit's opposition Republican People's Party voted together.

The Salvation Party's filibustering attempt, which had begun on Thursday, was stopped yesterday by the National Assembly's Speaker.

The Salvation Party MPs then walked out of Parliament and boycotted today's vote.

Mr. Necmettin Erbakan, the Deputy Prime Minister and Salvation Party leader, said

today that his party would have the decision made by the Turkish constitution court.

The other opposition party, the conservative Demirel Party, did not speak out against early elections and stayed in the voting, but more important matters to be solved before going to the polls.

He was bearing in mind a censure motion brought by Demirel, as well as votes two parliamentary decisions asking for a state investigation of the Prime Minister and some of his ministers in connection with the Lockheed bribery case.

After voting in favour of early elections, the Assembly decided that the election should be held on June 5, but that it would be a quorum, since deputies would be in all hood rush to their constituencies to prepare their election campaigns.

Mr Sadat formally requests US military equipment

From Patrick Brogan,
Washington, April 5

President Sadat formally asked the United States Government for military equipment this morning.

Mr. Harold Brown, the Secretary of Defense, called on him in Blair House, the government guest house where he is staying; and Mr. Sadat asked for 200 or so F-5 fighters, and for anti-tank weapons.

This is probably only a beginning. The Egyptians have been looking for alternatives to Russian arms for some time. The F-5 is not a particularly advanced aircraft: it is no match for the F-4 Phantom, for instance, which is the mainstay of Israel's Air Force. If the Americans allow Egypt to buy F-5s, or give them some, then President Sadat could hope for better things in years to come.

It would be a concrete sign

Nuclear energy report

Continued from page 1

its opponents. In general, it argues that there are advantages to nuclear power, and the best approach, at least for the United States, is a mix between nuclear power and coal, coupled with development of other sources, such as solar energy.

Greater emphasis on nuclear power is expected in Japan and those countries of Western Europe which do not have much coal.

The world, the report says, is not running out of energy. Resources of many sorts are available and the only change expected is that energy costs are likely to go up. But this will not have serious economic effects, at any rate in the industrialized countries.

Of the dangers arising from terrorism or nuclear proliferation, the authors state: "We believe the consequences of the proliferation of nuclear weapons are so serious compared

Kenya assembly meets without formal opening

From Our Correspondent
Nairobi, April 5

The Parliament of Kenya, which was dissolved last year, has been prorogued until January, but without the formal opening ceremony had been expected.

The President was present and the assembly straight into routine business.

Last weekend the national elections for the Kenya African National Union (KANU) were postponed indefinitely, leading to speculation about the health of President Kenyatta, but he was dancing displays at House in Nakuru, 100 miles from here, on the same day.

It has been suggested that the press here that KANU elections were postponed because the organization was incomplete.

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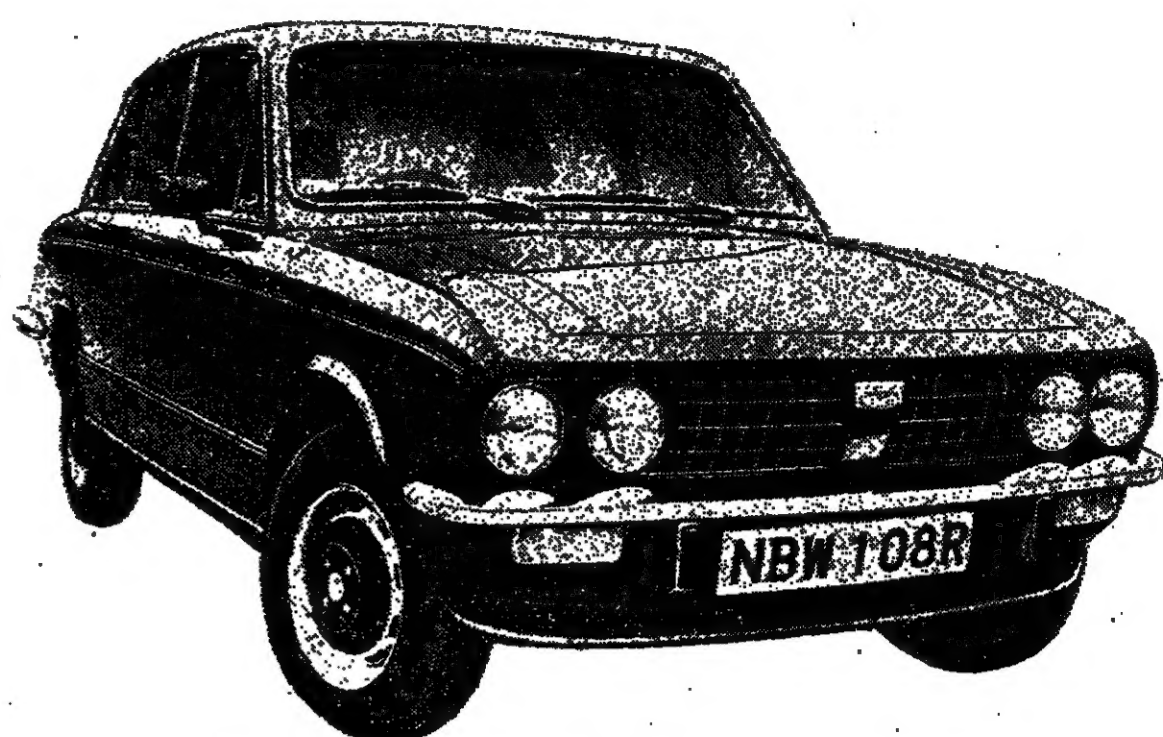
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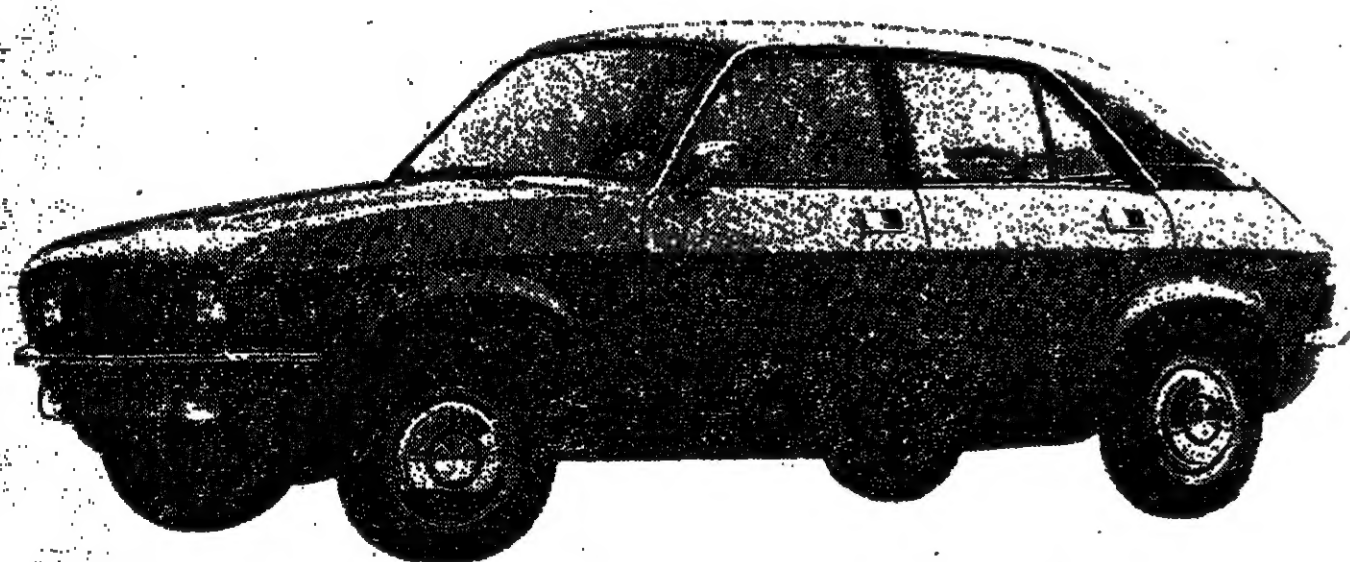
TOTAL WIN FOR LEYLAND.



Mini Clubman—52.08 mpg.



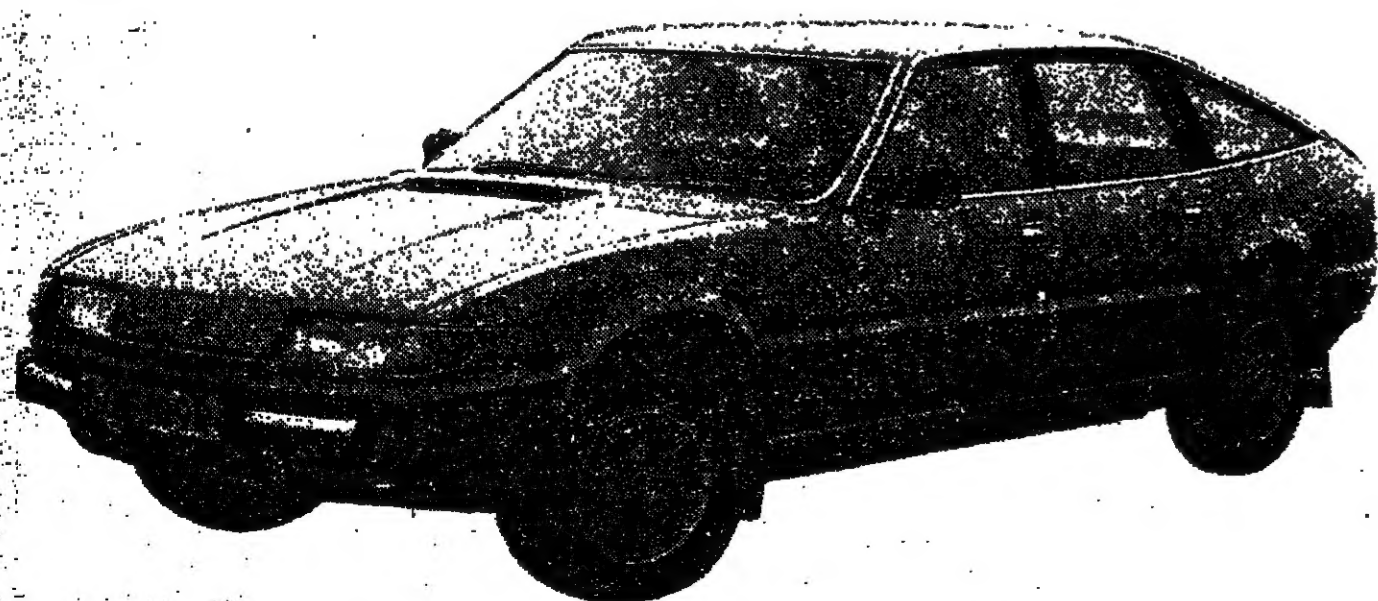
Dolomite 1850 HL—42.57 mpg.



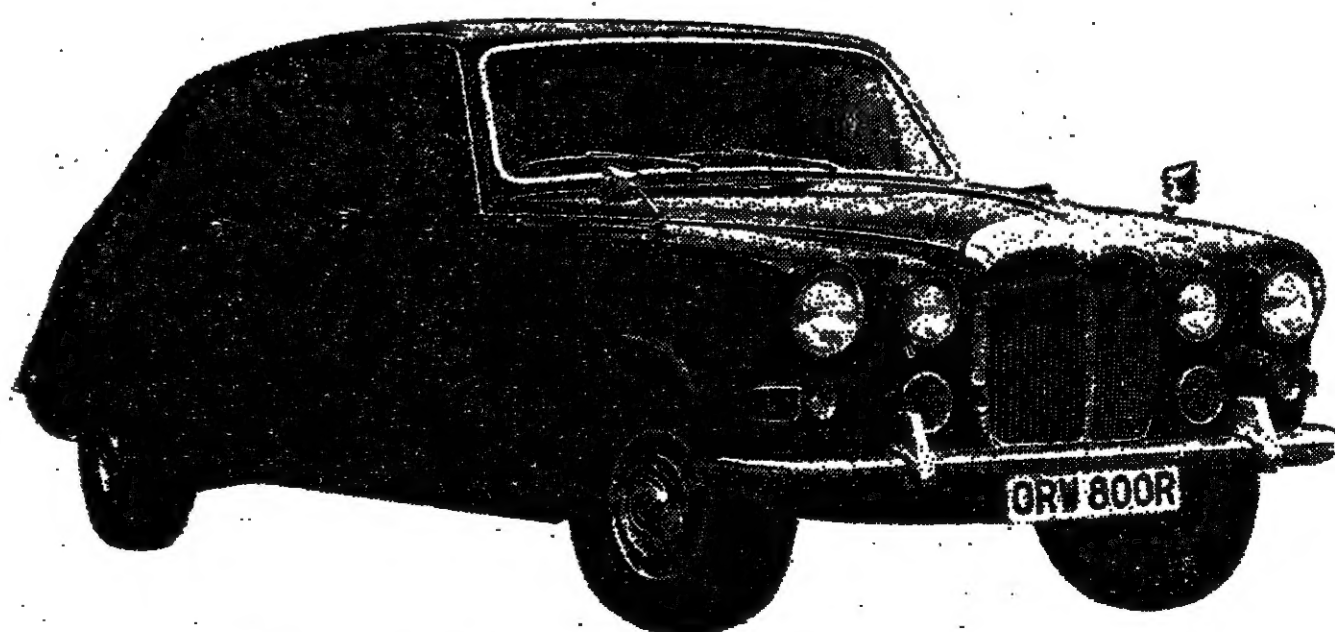
Allegro 1500 Super—44.76 mpg.



Marina 1.8 Super—40.69 mpg.



Rover 3500—30.66 mpg.



Daimler Limousine—19.81 mpg.

In the 1977 Total Economy Drive, Leyland Cars won more awards than any other car manufacturer.

 **Leyland Cars** 
Great cars and a great deal more.

The Dealer should be the trump card in Winter's strong hand

[illegible]

England and Ireland finished on a high note, each with two victories, at the end of the first day's play in the Home Countries schoolboys' hockey championship sponsored by Green Shield at Wincanton, Wiltshire, on Saturday.

Norwich, Cheshire, yesterday, Ireland, who won the title last year and the year before, will meet Scotland at Wincanton in the final match of the tournament which will decide the issue.

RESULTS: England 2, Wales 1; Scotland 2, Wales 1; England 3, Wales 0; Cheshire 2, Ireland 1.

France: J. Götter (Netherlands) 6-4, 0-0
J. Kodicek (Czechoslovakia), pen. M.
Prantle (Spain) 6-2 6-3; W. Fibak
Poland: Jasat F. Janette (France)
6-4, 0-2.

fortune from cycling, with a list
of successes unequalled in its
history.

to London by boxing promoter

Eddy Merckx is to race in London on June 11. Three times world professional road champion and a record five times winner of the gruelling Tour de France, Merckx has contracted to ride in the Silver Jubilee Trophy, a road race on the mile-long Eastway Circuit in Stratford, East London.

With Merckx will be Belgium's Patrick Sercu, one of the world's fastest sprint finishers; Denmark's Ole Ritter, a multiple world record

Law Report April 5 1977

Court of Appeal

Care order is made for boy, 12, to attend comprehensive school

S (a minor) v Bedfordshire County Council
Before Lord Denning, Master of the Rolls, and Lord Justice Cumming-Bruce

An order committing to the care of a county council a 12-year-old boy whose parents had an implacable opposition to his attending a comprehensive school was upheld by the Court of Appeal. But the order is not to be implemented before the day before the first day of the next school term, April 23.

The Lordships allowed an appeal by Bedfordshire County Council against the dismissal by the Divisional Court (the Lord Chief Justice and Mr Justice Patten) of an application for an order under section 1(3)(c) of the Children and Young Persons Act, 1969.

The order had been made by Luton Juvenile Court, comprising a magistrate and two lay members, on April 19, 1976, the council issued a notice of care proceedings stating that the boy was in need of care and protection under section 1 of the 1969 Act. It was alleged that (a) he was of compulsory school age but was not receiving full-time education suitable to his age, ability and aptitude; and (b) he was in need of care or control which he was unlikely to receive unless the council made an order under section 1 of the 1969 Act.

Section 1, which provides for care proceedings in juvenile courts, provides by subsection (3) that "if the court before which a child or young person is brought is of opinion that (e) he is of compulsory school age and is not receiving full-time education suitable to his age, ability and aptitude, and (f) he is in need of care or control which he is unlikely to receive unless the council makes an order, it may make such an order".

Mr Robert Alexander, QC, and Mr Nicholas Wilson for the council; Mr James Wadsworth for the boy.

The MASTER OF THE ROLLS said that like all cases concerning children it was an anxious case. A care order had been made in the juvenile court. The council had the advantage of additional evidence, the notes of evidence before the Crown Court, which had not been available to the Divisional Court.

It was the duty of Bedfordshire County Council as the education authority for Bedfordshire, to provide education for the children of the county: section 8 of the Education Act 1944. They had changed over to the comprehensive system of education. In the past, the county council had been a provider of secondary schools, but now they were a provider of primary schools as well. In very rare cases the county council assisted private schools in the payment of fees where it was

After the Whitman half-term

Family Division

Wardship jurisdiction in adoption cases

In re O (a minor)
Before Mr Justice Lately

[Judgment delivered March 31]

A natural parent seeking to counter the effect of an adoption order by having the child removed from the care of the adoptive father was refused wardship jurisdiction by the court. There is a strong prima facie case for taking such an exceptional course before the court embarks on a full inquiry in the wardship summons. Mr Justice Lately so stated when dismissing a wardship summons by a mother who wanted a boy of 12 removed from the care of the adoptive father into her care and control.

Mr Alan Ward for the natural mother; Mr Francis Gilbert for the adoptive father. The Master of the Rolls said that the boy had been adopted in July, 1974, with the consent of his parents. The mother had married the father, a drunken, aggressive and unsupporting man in 1950. By 1969 the adoptive father had become a close friend of the family and a helpful supporter of the boy.

The law of the Republic of Ireland, where all of them then lived, did not allow adoption in such circumstances. In January, 1973, the mother and father signed a document appointing the adoptive father guardian of the boy while outside the republic and after the death of the parents. The adoptive father, mother and boy came to England and set up home together in 1974. The adoptive mother was mother to the boy and housekeeper to the adoptive father. In 1974 his Lordship had made an adoption order, with the consent of both parents and after a full inquiry with the Official Solicitor acting as guardian ad litem.

In November, 1974, the natural father died. The mother continued in the household with the boy and the adoptive father. The relationship between her and the adoptive father soured and she went to live in Switzerland. The mother issued a wardship summons asking that the care and control of the boy be committed to her. Counsel for the adoptive father and the Official Solicitor submitted that the summons should be dismissed without a full investigation of the merits. His Lordship agreed, as all counsel were agreed, that the wardship jurisdiction might be invoked by the issue of a summons. They were also agreed that the court had power in a proper case to dismiss the summons in limine. What was the proper approach when the court was invited to do so?

Mr Ward, relying on section 1 of the Guardianship of Minors Act, 1971—"Where in any proceedings before a court... the custody or upbringing of a minor is in question, the court shall regard the welfare of the minor as the first and paramount consideration"—said that a wardship case concerned the upbringing of children and therefore the paramount consideration must always be the welfare of the children, though an adoption order had been made. Only where there was a gross abuse of the process of the court that the court should reject the application in limine, as in *In re Dunhill* (1967) 111 Sol Jo 131.

His Lordship did not think that that argument was correct. The

important that children should go to independent schools, if the parents were overseas or in the Services or if the children themselves were handicapped.

The parents had two daughters and one son, all of school age. The education authority had allocated each of them in turn places at comprehensive schools near their home. The parents, who wanted their children to be educated at independent schools, but they had no money to pay the fees. A father, a technician, earned £5,000 a year. They wanted someone else to pay, either the county council or a private benefactor.

They had succeeded in their objective with their daughters. When they declined to send them to a comprehensive school in 1972, the education authority obtained from the father with an attendance order requiring him to send the two girls to school. He did not comply. He was sent to prison for refusing to pay the fines—even then the girls were not sent to school. The education authority obtained from the father with an attendance order requiring him to send the two girls to school. He did not comply. He was sent to prison for refusing to pay the fines—even then the girls were not sent to school.

When the matter of the boy's education they told the authority that they were opposed to any compulsory school. The authority offered various comprehensive schools. The parents visited one new purpose-built school. The father had no criticisms to make of the buildings or staff; but he refused to send his son there because it was comprehensive and he was implacably opposed to comprehensive education. So the boy went to no school at all.

As prosecuting the father had failed in respect of his daughter, the education authority took the alternative course under section 1 of the Children and Young Persons Act, 1969, which enabled a local authority to go to a juvenile court and ask them to make a care order. The juvenile court did make a care order. The boy was taken to a children's home run by the council for children in need of care. There were 16 other children there, some of whom might have been badly or have come from bad homes or played truant.

The boy stayed there for nearly four months. In May, 1976, the council made a care order. The boy was taken to a children's home run by the council for children in need of care. There were 16 other children there, some of whom might have been badly or have come from bad homes or played truant.

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holiday his parents did not return him to the home or to the school. Solicitors had written about his body the council replied that he had two small bruises but it was not known how they had occurred.

After that the boy had never been back to school. The parents being the parents' appeal to the Crown Court. He had stayed at home watching television. The Crown Court had reversed the juvenile court. The Divisional Court by a majority upheld the Crown Court. The education authority now appealed.

In the Education Act, 1944, Parliament had clearly provided that it was the duty of every parent to see that his children received a proper education; and the task of seeing that the parent performed that duty was laid on the education authority served by the Crown Court. If the parent was not doing his duty, the authority must see that it was done. It must be followed up by a school attendance order and eventually by prosecuting the parent. But the Children and Young Persons Act, 1969, the education authority could bring the child to a juvenile court which could make a "care order" removing the child from his home and putting him in a children's home under the care of a local authority.

Was that procedure appropriate where the child had a perfectly good home? (2) (a) of the 1969 Act applied where the child was not receiving efficient full-time education. Was he in need of care and control? The Crown Court took the view that "care" meant physical and moral control and control, that it applied where the child was being neglected but not where he was being educated. That was too narrow a view: the Divisional Court did not accept it. Care and control should be widely interpreted. It applied not only to the child but also to his proper education.

The case came within the section. A care order could be made by the court. "If it thinks fit". The juvenile court thought that an order should be made. The Crown Court thought not. The majority of the Divisional Court thought that they should not interfere.

The Lordships had jurisdiction only if the Crown Court had gone wrong on a point of law. It was sometimes thought that matters of discretion could not be quashed as being exercises of discretion. But that was subject to considerable qualifications. Inferences from primary facts could be reviewed: *Grange v. Gillingham* (1947) 1 KB 349. The general reasonableness of the exercise of the discretion could be reviewed; if it was a decision to which no rational basis could be shown, the court could have come, or if relevant facts had not been taken into consideration.

The juvenile court were fully entitled to make the order which they did. The Crown Court said that they had the benefit of what had happened after that order had been made. The boy was in a comprehensive school and "within about 15 days the whole exercise fell apart and the child was back with his parents". The boy had never been given a fair chance to settle into the new surroundings. His parents

Family Division

Wardship jurisdiction in adoption cases

In re O (a minor)
Before Mr Justice Lately

[Judgment delivered March 31]

A natural parent seeking to counter the effect of an adoption order by having the child removed from the care of the adoptive father was refused wardship jurisdiction by the court. There is a strong prima facie case for taking such an exceptional course before the court embarks on a full inquiry in the wardship summons. Mr Justice Lately so stated when dismissing a wardship summons by a mother who wanted a boy of 12 removed from the care of the adoptive father into her care and control.

Mr Alan Ward for the natural mother; Mr Francis Gilbert for the adoptive father. The Master of the Rolls said that the boy had been adopted in July, 1974, with the consent of his parents. The mother had married the father, a drunken, aggressive and unsupporting man in 1950. By 1969 the adoptive father had become a close friend of the family and a helpful supporter of the boy.

The law of the Republic of Ireland, where all of them then lived, did not allow adoption in such circumstances. In January, 1973, the mother and father signed a document appointing the adoptive father guardian of the boy while outside the republic and after the death of the parents. The adoptive father, mother and boy came to England and set up home together in 1974. The adoptive mother was mother to the boy and housekeeper to the adoptive father. In 1974 his Lordship had made an adoption order, with the consent of both parents and after a full inquiry with the Official Solicitor acting as guardian ad litem.

In November, 1974, the natural father died. The mother continued in the household with the boy and the adoptive father. The relationship between her and the adoptive father soured and she went to live in Switzerland. The mother issued a wardship summons asking that the care and control of the boy be committed to her. Counsel for the adoptive father and the Official Solicitor submitted that the summons should be dismissed without a full investigation of the merits. His Lordship agreed, as all counsel were agreed, that the wardship jurisdiction might be invoked by the issue of a summons. They were also agreed that the court had power in a proper case to dismiss the summons in limine. What was the proper approach when the court was invited to do so?

Mr Ward, relying on section 1 of the Guardianship of Minors Act, 1971—"Where in any proceedings before a court... the custody or upbringing of a minor is in question, the court shall regard the welfare of the minor as the first and paramount consideration"—said that a wardship case concerned the upbringing of children and therefore the paramount consideration must always be the welfare of the children, though an adoption order had been made. Only where there was a gross abuse of the process of the court that the court should reject the application in limine, as in *In re Dunhill* (1967) 111 Sol Jo 131.

His Lordship did not think that that argument was correct. The

did not let him go back after the Whitman holiday. It was a misdirection of the Crown Court to say that the exercise had fallen apart. They had also looked at the alternatives. They thought that the father could be prosecuted, but that was not a practical alternative. They thought that the father could be prosecuted, but that was not a practical alternative. They thought that the father could be prosecuted, but that was not a practical alternative.

After that the boy had never been back to school. The parents being the parents' appeal to the Crown Court. He had stayed at home watching television. The Crown Court had reversed the juvenile court. The Divisional Court by a majority upheld the Crown Court. The education authority now appealed.

In the Education Act, 1944, Parliament had clearly provided that it was the duty of every parent to see that his children received a proper education; and the task of seeing that the parent performed that duty was laid on the education authority served by the Crown Court. If the parent was not doing his duty, the authority must see that it was done. It must be followed up by a school attendance order and eventually by prosecuting the parent. But the Children and Young Persons Act, 1969, the education authority could bring the child to a juvenile court which could make a "care order" removing the child from his home and putting him in a children's home under the care of a local authority.

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LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE
Division of the Chancery
In the Matter of the Companies Act 1948
Notice is hereby given that an order of the High Court of Justice, Division of the Chancery, made on the 28th day of March 1977, in the above matters, has been made available for inspection at the offices of the Registrar of Companies, 100 Old Broad Street, London, E.C.2, on the 28th day of April 1977, at 10.30 a.m. to 4.30 p.m. on the 28th day of April 1977, and on the 29th day of April 1977, at 10.30 a.m. to 4.30 p.m. on the 29th day of April 1977, and on the 30th day of April 1977, at 10.30 a.m. to 4.30 p.m. on the 30th day of April 1977, and on the 1st day of May 1977, at 10.30 a.m. to 4.30 p.m. on the 1st day of May 1977, and on the 2nd day of May 1977, at 10.30 a.m. to 4.30 p.m. on the 2nd day of May 1977, and on the 3rd day of May 1977, at 10.30 a.m. to 4.30 p.m. on the 3rd day of May 1977, and on the 4th day of May 1977, at 10.30 a.m. to 4.30 p.m. on the 4th day of May 1977, and on the 5th day of May 1977, at 10.30 a.m. to 4.30 p.m. on the 5th day of May 1977, and on the 6th 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There are two sides to the tragedy: Mr Smith's short-sightedness and the opportunism of Bishop Muzorewa

Every day brings disaster nearer for Rhodesia

As Dr David Owen, the Foreign Secretary, prepared for his southern Africa safari to test the prospects of a peaceful constitutional settlement in Rhodesia, the chances appear from Salisbury to be slimmer than ever.

Mr Ian Smith, the Prime Minister, is belatedly attempting to mount a referendum among the country's 6,000,000 blacks to establish whom they regard as their leader and hoping that he will be able to negotiate a constitutional settlement with the victor. However, he intends to exclude from the referendum the African nationalist guerrilla leaders Mr Joshua Nkomo and Mr Robert Mugabe.

Bishop Abel Muzorewa who appears to have the mass of African support inside the country is pressing for a speedy referendum to be open to all candidates including Mr Smith, Mr Nkomo and Mr Mugabe, with the victor negotiating a constitutional settlement with the British.

The Patriotic Front leaders, Mr Nkomo and Mr Mugabe, are placing their faith in victory by war and say they want an African-majority interim Government to be instituted before any elections take place. However, they have committed themselves to an election before independence is granted.

It is, in fact, just over a year since the last attempt by Mr Smith to reach an interim settlement with the black leaders collapsed. On that occasion, Mr Smith had been negotiating with Mr Nkomo. Ironically, in the light to today's attitudes, Mr Smith made it clear then that he regarded Mr Nkomo as the most pragmatic of the rival contenders for the leadership of the Africans, and the one with whom the whites could most easily reach an accommodation and a peaceful

solution. Just before the negotiations, Mr Smith described Mr Nkomo as "a man prepared to take decisions, to lead." It was his guess, Mr Smith said, that Mr Nkomo had majority support among Rhodesia's Africans.

Today it is Mr Smith's expressed intention to exclude Mr Nkomo from an internal settlement. In his current view, Mr Nkomo is a man of uncompromising violence, a communist puppet with negligible popular support within the country.

Instead Mr Smith is attempting to institute a referendum of African opinion in the belief that Bishop Muzorewa will command overwhelming support. It appears to be Mr Smith's hope that he will then be able to negotiate a reasonable settlement with the bishop.

Eighteen months ago, just before his political flirtation with Mr Nkomo, Mr Smith had a very different opinion of Bishop Muzorewa as the undisputed leader of the Africans in 1972, he missed an opportunity of an early settlement with the bishop by delaying, until the fall of the Portuguese in Mozambique and the seizure of power by Frelimo caused a radical change in the aspirations of even the most moderate blacks. At Victoria Falls in 1975, the African nationalists were still united behind the bishop, but the settlement

Mr Nkomo in detention for a decade and describing him as "a forgotten man as far as the Africans are concerned", he proved flexible enough to release him and negotiate with him at Victoria Falls in August 1975. In the same terms, it was a strength that after dismissing the Bishop, at the time of the Pearce Commission in 1972, as an agitator, negotiating with him in 1974, and dismissing him as inadequate in 1976, he now once again sees him to be the vehicle of white Rhodesia's salvation.

Most white Rhodesians take these mercurial variations in their leader's political assessments with stoic faith and trust in his political acumen. However, looking back in terms of Mr Smith's changing fancies one sees a tragic array of lost opportunities.

Following the Pearce Commission and the emergence of Bishop Muzorewa as the undisputed leader of the Africans in 1972, he missed an opportunity of an early settlement with the bishop by delaying, until the fall of the Portuguese in Mozambique and the seizure of power by Frelimo caused a radical change in the aspirations of even the most moderate blacks. At Victoria Falls in 1975, the African nationalists were still united behind the bishop, but the settlement

negotiations collapsed because Mr Smith would not grant immunity to those he regarded as terrorist leaders. Yet a year later he sat with those same leaders at the conference table in Geneva.

Again, according to Mr Smith, his internal negotiations last year with Mr Nkomo broke down because the African leader wanted an immediate surrender of power and a voting franchise which would have secured an African majority at the first elections. Six months later, of course, he conceded these very points to Dr Kissinger.

If Mr Smith's political short-sightedness is one tragedy, Bishop Muzorewa's opportunism is another. The bishop's undoubted popularity stems primarily from his success in uniting, at the time of Pearce, the two bitterly opposed nationalist factions. This unity enabled the nationalists under the bishop to reject the Smith-Nkomo settlement proposals (under which majority rule would have been reached at some unspecified and indefinite time in the future).

came in November 1974 at the start of the settlement initiative which ended with the abortive Victoria Falls conference in August 1975.

A power struggle between the various nationalist politicians had to be both inevitable and indecisive given the refusal of Mr Smith to show any test of African popular opinion. Indeed as late as last December Mr Smith said he had not considered the idea of holding any test of African opinion.

To their credit, the black President of the so-called front-line states of Mozambique, Tanzania, Zambia and Botswana, realized when last year's Geneva conference was mounted that it would be to the Rhodesian nationalists' advantage to stink their differences and ahead the conference as a united body. To this end they promoted unity negotiations and the prospect of forming a united front was discussed by Mr Nkomo and Bishop Muzorewa in Botswana.

However, before any agreement was reached, Bishop Muzorewa made a dramatic return to Rhodesia after an absence of months. He was received by a jubilant crowd of supporters modestly estimated by foreign correspondents to be between one and two hundred thousand and at this point the bishop, the initiator of nationalist unity, suddenly lost interest in united fronts and



decided to go it alone at Geneva. The serious flaw in the bishop's political strategy was to place his faith so firmly and so early in a democratic solution that he was in a place where there was and is, as yet, no democracy.

Mr Nkomo and Mr Mugabe have recognized this and are seeking power by the barrel of the gun and in the corridors of diplomacy. They, particularly Mr Mugabe, remain highly sceptical of Mr Smith's good intentions and who can blame them? The sad fact is that Mr Smith had placed his faith in the will of the majority earlier and if Bishop Muzorewa had withheld his until a demo-

Dr Owen: he will find that the prospects for a settlement appear to be slimmer than ever

cratic system had been instituted, a peaceful solution to the Rhodesian power struggle would have been easier to attain.

The onerous task of Dr Owen now would seem to be to persuade Mr Smith and Bishop Muzorewa to merge their ideas of a referendum and to postpone it until after the establishment of an interim government.

Meanwhile Bishop Muzorewa needs to be persuaded to apply for membership of the Patriotic Front - and Mr Nkomo, Mr Mugabe and the front-line presidents need to be persuaded to accept him. Such prospects do indeed seem like pie in the sky. There is one item of diplomatic ammunition the Foreign Secretary might like to draw upon. In September 1975, Mr Smith proclaimed that he believed the majority of black Rhodesians as well as the majority of white Rhodesians support me and my policies.

Three months later he said: "I don't believe in black majority rule ever in Rhodesia, not in 100 years. I believe in black and white working together. If one day it is white and the next blacks, I believe we have failed and it will be disaster for Rhodesia."

Sadly it is becoming evident that more and more people the Mr Smith has failed and precisely this disaster is coming daily closer.

Michael Knipe

In 1958, having completed at the age of 25 my first book—a new biography of Lord Randolph Churchill—I happened to write to the sixth Earl of Rosebery to seek his approval and assistance in writing a biography of his father, the brilliant but ill-starred Foreign Secretary and Prime Minister of the 1890s.

He replied, somewhat curtly, but understandably, that he considered the two-volume biography by his brother-in-law, Lord Crewe, perfectly adequate. I accepted his decision, but pondered other possibilities with sadness, as I was already fascinated by the mysterious and enigmatic Rosebery. "In short," as E. T. Raymond wrote, "the man was a puzzle, and puzzles are always interesting."

Shortly afterwards, two unforeseen events occurred. Lord Rosebery was increased by a somewhat casual passage in Rosebery's biography of Sir Charles Dilke which, in his view, gravely and unfairly harmed his parents' reputations. In this angry mood he was saying at Lord Beaverbrook's house in the South of France with Sir Winston Churchill, in whose wartime government he had served, when my biography of Lord Randolph appeared.

Sir Winston had been courteous but unhelpfully unenthusiastic about an unknown undergraduate following in his footsteps as his father's biographer and, while not being at all unhelpful, had not been noticeably helpful in my endeavour. My book, however, delighted him. He read it virtually at one gulp and spoke of it with excitement and pleasure to his friends.

As a direct result, I received a letter from Lord Rosebery inviting me to undertake the biography of his father. It was in no sense an official biography, but all his father's papers—and they turned out to be a biographer's dream—would be at my disposal. He and Lady Rosebery would be glad to see me at Mentmore very shortly. My young wife and I, having nothing about Mentmore, and we had no experience at all of the kind of world that Mentmore still represented. Met at Leighton Buzzard station by Lady Rosebery, we were awestruck as we drove up this vast establishment which was surrounded by the treasures it contained. (In my biography, for obvious reasons, I did not detail these, nor others in the family's possession). However



Days of delight at Mentmore

often I visited Mentmore and there I could not begin to know all of this amazing personal collection of Baron Meyer de Rothschild, the father-in-law of my subject.

What I did learn was a great deal about that man, his taste, perception, and extraordinary array of interests. It is, after all, difficult not to admire a man who was not only generations ahead of his time as a collector, but who was modest enough to remark that it was cheaper to buy antique French furniture (of the highest quality) than to shop at Harrods.

To separate the collection and the house—built between 1850 and 1855—is impossible. Paxton, the architect of the Crystal Palace, was in effect ordered to design the house round the collection, and not to build an ordinary rich man's country house. The result was a palace-museum that had many practical imperfections. "You may go in or out, you may not slip in or out," Sir Edward Grey once remarked, and it was (in more senses than one) rather cold. But to me it was a blaze of colour, beauty and majesty.

It was, of course, a Rothschild mansion, and I always felt

closer to Rosebery at Dalmeny, and particularly in Bamboole, his rebuilt castle on the Firth of Forth. But walking through Mentmore's glittering corridors, with their fabulous artefacts, I had an immense sensation of a human presence, of a lifetime's work, of an immortal gift to later generations.

The fifth Earl's son, my host and benefactor, was very different from his father, but whom I came to revere and love. It could be said of him, as Winston Churchill wrote of his famous father, that "it is difficult to convey the pleasure I derived from his conversation as it ranged easily and spontaneously upon all kinds of topics, from grave to gay, from lively to severe."

No one would have called Harry Rosebery an easy man to get to know, but behind an apparently intimidating manner he had immense kindness, shrewdness, intelligence, loyalty, and remarkably wide friendships. He was devoted to Rosebery, and once startled me by remarking that Michael Foot was the best dinner companion in London. His wife was—and still is—a person of wit, warmth, and genuine spirit.

Robert Rhodes James

Meals at Mentmore and Dalmeny were usually lively affairs in whose debates the outsider was wise not to intervene, lest these formidable and devoted arguments were to turn their combined artillery upon him. The standards of vigour, argument and wit were high, and no quarter was asked or given. I cannot recall these epic engagements without laughter and delight.

The Roseberys ran Mentmore with style, but also with warmth and charm. Their kindnesses to my wife and myself were innumerable.

Until Rosebery's death in 1974 they made the spring pilgrimage from Dalmeny to Mentmore, where they stayed until the end of July, then to return to Dalmeny for the winter. Everything was perfectly maintained, and I found the grandest of Mentmore, neither intimidating nor unapproachable. It was a happy home.

Now it appears as a result of almost incredible indifference that this gem may be destroyed. If the collection goes then the heart will have left Mentmore, which will only be a crumbling husk. The life work of Meyer de Rothschild will have vanished and with it his just claim to immortality. And so, will the home of Archibald, fifth Earl of Rosebery, and his adoring wife, Hannah.

Few of her letters to him survive as he destroyed most of them in his agony after her death. One of the few I discovered was a note from "Hannah" to "Archie" enclosing a record of the Mentmore treasures of her father. It ends:

And now, in this handling it over to your care, I feel yours are the only hands which are fitted to hold what he, whom I consider as perfect as any mortal may be, cared for. I could not speak this. Excuse a letter. Your Loving Hannah.

What a glorious glimpse of our history may have gone for ever, and with it, a wonderful and moving chapter of mine.

It is still possible, with imagination and vision, that all our children may have the opportunity and joy of visiting Mentmore.

The author is Conservative MP for Cambridge. His biography, Rosebery, was published in 1963.

I have forborne to comment on the Indian election result hitherto because so far it has been so splendid that I felt like a character in a fairy tale who has only to pronounce the forbidden name, or ask the forbidden question, for the prince and his entire castle to vanish instantly and forever. But now, when even the morning after strain on the coalition appears to have been lessened, through the tact of Mr Morarji Desai, the sickly wisdom of Mr Jayaprakash Narayan, and the magnanimity of Mr Jagjivan Ram, it seems to be time to say a few words.

In circles where the glib, silly folk of our tired society gather, it has been possible for a good many years now to hear an argument that goes something like this. Since China was liberated into the hands of the communists, the world has been divided into two free elections there (though, of course, that doesn't matter, because Chinese communism makes those who live under it so free that they need not or want elections). Likewise, there is no freedom of speech, of trade union activity, of residence or travel, of labour, of reading or religion. (These trifling restrictions, which in any case are much exaggerated, are likewise enthusiastically welcomed by the entire population.) Yet the Chinese people are not only happy; they have solved the population problem, the food problem, the disease problem, the poverty problem, and for that matter the problem of crime.

Turn now, says the gentleman with a glass in one hand and a sausage on a stick in the other, to India. There, they have elections, poor benighted heathens that they are: most of them are illiterate, of course, and have no idea what they are voting for, nor do they much care. Which is not surprising, because the elections make no difference; hunger, disease and poverty still stalk the land, and no detectable improvement will ever take place until they adopt—yes, of course, they enthusiastically would—only they had access to the real information—the system of China. The indifference, if not contempt, of the Indian people for democracy could not be more complete; it is fully justified, and Indian elections, therefore, constitute a pointless farce. Verba, sap.

Enter, and pass across the stage, several hundred million Indians. Some push and shove, others patiently wait their turn; some are coughing in an ominous manner, others cough clearly do with a square meal; here, one appears to be praying to some outlandish god; there, a group are huddled together talking excitedly in Peter Sellers accents. India passes; and then she has passed, and she remains democracy and a tedious hold on it that puts our home-grown faints to shame.

Mrs Gandhi's gamble, when she took it, looked almost impossible of failure; which is presumably why she took it. She had everything she wanted for the security of her rule: the constitution had been rewritten, the judges were either tamed or threatened, tens of thousands of her opponents in jail, the press mostly controlled and, in those instances where it refused to be controlled, persecuted. Parliament, a stringless instrument in her hands, and Mr Michael Foot cowering, kow-towing and buttering in her wake.

She had, then, everything her rule needed, save the thing it needed most: legitimacy. To gain that, she had to hold an election, and a free election, too. So most of the restrictions on most of the press were lifted; most of those detained without trial were released; and she went to the country, clearly confident that she would be returned overwhelmingly, with no one and nothing to stand in her way thereafter. The rest is history; and so is she.

The squabbling opposition could never unite, said the western wiseacres; its members were too ambitious, too greedy for power, too like Mrs Gandhi themselves. The squabbling opposition thereupon united. Well, but the apathy of the people would show clearly how little weight the intellectual's complaints about freedom carried with them. Then the biggest political crowds seen in India for decades began to turn up to the Opposition's meetings. Ah, they had only come to gaze at the strange sight of Mr. Bhikshu to a zoo, and on polling day they would vote for Mrs Gandhi and stability, and not for such trumpery decorations as democracy. And, duly, on polling day, the Indian people voted for the viral decoration and stability, the false stability. The largest democracy in the world had remained true to democracy.

Right at the end of the campaign, Mr Jayaprakash Narayan, half-dead from incarceration, sickness and campaigning, wrote a final appeal to the voters. I think it is worth quoting, for it clearly expresses the very spirit in which the Indian people went to the polls. This is what JP wrote:

In the name of all those who struggled for our country's freedom, I appeal to each one of you: free India, defeat the dictator. This is the last chance. If you vote for Mrs Gandhi, tyranny shall become 19 years of terror.

Freedom is the first requisite. How will the voters be robbed of its effectiveness? How can you ever talk or write about it? How can we have accountability if power is exercised by back-room operators who do not even hold office? The service of the black 19 months—herding hundreds of thousands into jails, the tortures inflicted on them, the untold suffering of their families, sufficing laws so that a citizen does not even have the right to life, liberty as well as legal ex-

Bernard Levin

One in the eye for the glib and a salute to the brave

destroying homes a the most serious of not chance happenings. They are what the world is about.

Many efforts have been made to hoodwink you... They have tried to seduce you with promises, to seduce you with promises of violence, of external aid, of economic aid. They have tried to pass the blame for their deadly deeds to a man to whom they were in fact, they have tried to bribe you with last-minute concessions. They have tried to mislead you with lies...

JP was right. But in this world it is rarely enough to be right. What was so heartening about the Indian election result, that the people—most of the poor, many illiterate, many hungry, many homeless—disappeared—did not vote to elect their mouths, to exchange a clash and buzz of democratic politics for the ordered silence of dictatorship, to forget tradition left to them by Mahatma, the Mahatma and Gandhi's other. Instead they voted in a way which put ancient and sophisticated democracies to shame—United States with wrecked turnout of under per cent, France and Italy with their willingness to roll and let a communist take the helm, the United Kingdom with one constituent party by unending war.

The Indian people voted the greatest cause that can pur to an electorate: freedom. For 19 months they had piled the quality of life on an authoritarian regime, they had seen the official chance to turn that such dictatorship into real and last dictatorship. They rejected that alternative, and shot the way to those who support themselves India's better. We salute them, and let us hope that what we have offered such choice, we choose as India did.

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Saul Bellow, the American novelist and winner of last year's Nobel prize for literature, has arrived in Edinburgh to receive another trophy for his masterpiece. Bellow has become the third winner of Scotland's only international literary award, the Neil Gunn Fellowship, founded in memory of the Scottish novelist who died in 1973.

For his prize, which amounts to £1,000 and three weeks of moderately lavish hospitality from the Scottish Arts Council, Bellow has no doubt a lecture, which he will do in Edinburgh next Wednesday, and meet the press, an activity he is said to dislike immensely. But he was persuaded to attend a champagne reception in his honour in the Victorian splendour of the city's Cafe Royal yesterday, in spite of jet lag.

Bellow, whose constant theme is the individual's fight to survive in an urban society, fell foul of the urban society last week at Heathrow airport. He was stranded by an airline strike and had to be ferried to Garwick.

Jan Grant Cummings, the Arts Council's public relations man, whispered a warning at the door: Bellow is one of those writers who believe he should be judged by his books and not by his public persona. The author is clearly aware of the dangers; the hero of his latest book, *Humboldt's Gift*, is a man whose creative talent dries up through attending too many champagne receptions.

Cummings also spoke of the award and its trophy, a sword, which he thought should be judged by his books and not by his public persona. The author is clearly aware of the dangers; the hero of his latest book, *Humboldt's Gift*, is a man whose creative talent dries up through attending too many champagne receptions.

Everyman wanted to know how he regarded the public acclaim and attention he was supposed to dislike so much. "I am too old and cranky to be moved one way or the other. I do not have intimations of immortality when I am awarded a prize." And then, in case any one thought he was being ungrateful, he actually remarked: "People can use you wherever you go by organizing these joyful ceremonies."

Bellow was given a polite round of applause and the guests fell upon piles of complimentary copies of his books. "Huh," remarked an eminent local writer sourly, "they'll do everything but read his books here. The image of the well-educated Scot with an appetite for solemn prose is a load of old rubbish."

Bar talk

The plan to move Temple Bar, the field in Hertfordshire, back to the City of London, is making progress. Most of the £500,000 needed for the project is expected to come from the United States but yesterday Goodwin's, the caterers, launched a campaign to raise some £3,500 of it from collections in the 12 London pubs they own.

Goodwin's are interested because one of their pubs is alongside the proposed new site for Wren's monument, which used to stand where Fleet Street joins the Strand. The plan now is to put it next to one of Wren's more ambitious structures, St Paul's Cathedral. It is going to look a bit

pumpy and out of scale alongside the huge cathedral, and I think it might be put to more good use. With the Greater London Council bent, for environmental reasons, on impeding traffic in many London streets, why can it not be used as a road block, instead of bollards?

Indeed, why not put it back in its original position, turning Fleet Street into a pedestrian precinct? While this would further infuriate taxi drivers (most of whom nowadays are shouting that they reserve little sympathy for those who enhance safety at those nerve-racking times when the pubs and wine bars are discharging their ink-stained patrons, who lurch dangerously near the edge of the narrow pavements).

Tom Stoppard tells me that I was in error yesterday when I reported that André Previn had not seen his script for the dramatic work on which they are collaborating for the John Player centenary festival in July. Previn is now involved closely in the work from the start, and his music has been written with Stoppard's words much in mind. I apologise.

Clannery

A souvenir trade to rival the Jubilee mug and tea towel industry has sprung up in Scotland in expectation of the 10,000-strong invasion of overseas Scots for the International Gathering of the Clans in Edinburgh at the end of the month. The event, the first of its kind since 1951, is expected to attract a good £5m into the pockets of Scots hoteliers and shopkeepers.

How about spending a dirty week-end at Heathrow?



Lord Elgin, who looks like Evelyn Waugh but claims direct descent from Robert the Bruce, displayed some of the mementoes in Edinburgh yesterday, and gave a progress report on the organization of the event. Visitors will be able to buy Gathering of the Clans ties, inkstands, paperweights, ash trays, tie pins and light pens, not to mention the Gathering of the Clans records and pendants bearing the appropriate clan crest. "We had a lot of inquiries from English manufacturers, but we insisted all souvenirs should be Scottish made," said Lord Elgin. Clansmen are coming from the United States, Canada,

Sweden, Portugal, Panama, Ireland and Botswana, to name only a few. The Maclean Barra is flying in from Jersey and the McBain McEla will be popping in from Texas.

A quarter-Scottish American woman was distressed to cover that nothing had been organized for the Clan Grant, so she immediately arranged a programme of Grantland in Edinburgh from her home Los Angeles. A Graham Hercules Robinson, a Glasgow Glaswegian now agreed to her some help. Master Hercules Robinson, a Glasgow Glaswegian now agreed to her some help. Master Hercules Robinson, a Glasgow Glaswegian now agreed to her some help.

Clansmen will be fully pined during their first week in Edinburgh before dispersing to their clan territories. An opening ceremony in Commonwealth Games Stadium at Meadowbank there is a programme of Scottish country and clan get-togethers. resident of the New Town inviting all visitors by name of Stuart to dinner at home. The charge is £15 a

WORLD CRIS

No doubt your marketing to be ingenious if you are ing British Leyland cars, there should be a special offer for the Edinburgh dealer announced in the local Evening News, a competition to Find the Fault: "We want you to find 30 deliberate faults in a brand new Morris Minor. The person who can find most faults wins."



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THE FIGHT OVER PHASE THREE

This is the season for trade unionists to take up preliminary negotiating positions over next year's incomes policy. Striking a bargain of some kind is of such extreme importance to government, and consequently to the Labour movement that there can be little doubt that some accommodation will eventually be reached, in spite of the hostile comments of many union leaders before the Budget, and still more since. The question is whether there is any hope of an agreement that would actually do more good than harm, and whether such an agreement would have any prospect of withstanding rank-and-file pressures. The shop-stewards' conference at Birmingham this week and the tendency of the motions being put down for the national conferences of even moderate unions are signs of a widespread disenchantment.

Such a mood is only natural after so long a period of restraint apparently with so little to show for it in terms of standards of living and rates of unemployment. The memory of Mr Healey's optimistic forecasts in earlier years is bound to cause scepticism when (with rather better reason than before) he holds out the possibility of a declining rate of inflation and a slight improvement in living standards next year. The Stechford by-election result does not suggest that the fear of letting the Tories in is one that weighs heavily with all trade unionists; indeed, skilled workers may well calculate that a Conservative administration would suit their interests well.

Differentials are the main reason why the odds are against an effective third phase, but the unpopularity of restraint is not confined to workers who have seen the rewards given to their special skills declining. The feeling that unions have signed away their basic function is growing. Opposition to a renewed bargain is widespread among the relatively low-paid members of

the Transport and General Workers Union, and Mr Jack Jones, with his demand for a full price freeze as a condition of agreement, has struck an initial bargaining position outwardly almost as intransigent as that of Mr Gormley of the miners.

By comparison, Mr John Lyons of the power engineers' union—a small union of skilled workers well placed to enforce their demands—sounded almost circumspect yesterday. Concerned as he was to secure his union's position in case of a breakdown in restraints and to put on a rousing conference show, he took care to stress that it was the "redistributionist" aspect of the present bargain that he took exception to. As a safeguard against inflation and unemployment, restraint was worth while, and the third stage would be the most critical. Without it, "the sacrifice of the last two years will have been quite useless". He looked for pay increases of 11 to 14 per cent—a modest claim compared to the current rate of inflation, let alone to the 35 per cent that the miners are likely to demand for face workers.

Mr Healey is apparently looking for an average increase of about 7 or 8 per cent in pay settlements, with a normal substantially below that to give room for the restoration of differentials. The gap between this and what union leaders are prepared to offer is very wide. The conditional concessions in the Budget, tied to no percentage and difficult to withhold in the end, are not likely to have more than a marginal influence on the position of the unions.

The history of incomes policies since 1966 strongly suggests that their effect is more to defer wage increases (and the industrial conflict associated with them) than to change their long-term movement, which depends partly on money supply and partly on monopoly bargaining power. In an emergency such an effect may be worth while. But Mr Lyons is right to judge that a pay explosion

this year would waste all the sacrifices of 1975 and 1976. There is a danger that Mr Healey and Mr Jones will arrive at a bargain that will make such an explosion more probable rather than less. Set a norm and it becomes a minimum. Add a figure for special cases, and everyone proclaims that he is a special case. To clinch the bargain the Government has to give its blessing to policies that it knows to be harmful. There is a real danger that a weak phase 3 would be more inflationary than no phase 3 at all.

In a free-for-all some workers would fall for all, not necessarily the most deserving. But after several years of less inflationary monetary policies the equation by which higher wages are paid for by lower employment has more reality now than it has had in the past. It even begins to have some force in the public sector. Free collective bargaining under the shadow of the dangers that have become apparent to every trade unionist since 1974 would be a different thing from what it used to be. It might create a state of affairs closer than any feasible phase 3 agreement to the ideal of a low norm with reasonable scope for restoring some of the anomalies that two years of rough-and-ready constraints have created.

An effective agreement with similar effect would seem to depend on groups of workers being content to decide among themselves how to share out a determined sum between the more and less skilled (Mr Albert Booth seemed to attach some hopes to this possibility yesterday), or on the TUC's having the will to discriminate between claims for special treatment, rather as it has used its authority to discourage unions from breaking rules of general application in the past two years. The worst of all solutions would be for the Government to found its economic policy on a phase 3 bargain which was in practice merely an encouragement to inflation.

Reviewing the role of the DPP

From Sir Peter Rawlinson, QC, MP
Sir, The occasion of the retirement of the present Director of Public Prosecutions and the appointment of a successor should be used as an opportunity to review the role of that office and the organization of public prosecutions. The present situation concerning the office of the DPP and its role is not satisfactory.

Either there should be a substantial contraction in the quantity of prosecutions handled by the DPP, confining his role to conducting the prosecution of particularly grave or complex crime or cases in which there arises a serious public interest element, or the office should be greatly expanded with the appointment of regional and county deputy directors, responsible for all Crown Court prosecutions and incorporating into the office the Metropolitan Police and County Police prosecutors.

The alternatives have been much discussed and it is certainly time for a decision to be taken. I am, Sir, your obedient servant,
PETER RAWLINSON,
12 King's Bench Walk,
Temple, EC4A.

Resentment at Stechford
From Major F. N. L. Chapman
Sir, Mr Phillips (April 2) should realize that this country wants and needs a government that has the will to accept power to govern and will bitterly resist any party that merely keeps a discredited government in office. This resentment has already been shown at Stechford but the full fury is still to come.

Yours faithfully,
FRANK L. CHAPMAN,
Thorne,
Friday Street,
Painkwick,
Gloucestershire,
April 2.

From Miss A. R. Marden
Sir, Surely an extremely important document in the result of the Stechford by-election, which seems to me to have been either overlooked or underestimated, was the fact that Mr Roy Jenkins was not this time among the candidates. Yours faithfully,
A. R. MARDEN,
11 St Ann's Court,
Frislington,
Salisbury,
Wiltshire,
April 4.

From Mr F. H. C. Tatham
Sir, Mr Daniel W. O'Callaghan (April 4) is correct in demonstrating that the combined Labour and Liberal vote at the Stechford by-election exceeded the Conservative vote by 52.

But this figure is perhaps less convincing than it appears to be when it is compared with the result of the October, 1974 election:

Combined Labour and Liberal vote	28,935
Conservative vote	11,152
Liberal vote	17,783

Yours faithfully,
F. H. C. TATHAM,
Two Trees,
Fae Farm Road,
Claygate,
Surrey,
April 4.

Lead in ancient Rome

From Professor Joseph Baker
Sir, While we have to speculate about the possible association between lead poisoning and the decline of Rome we can be quite definite about the source of any lead in the water. It was not, as Sir Kenneth Warren suggests (March 31) from lead lining or caulking of the stone aqueducts—the Romans had an effective hydraulic cement for that—but from the extensive underground lead pipe system within the city.

Pipes from each "caellum" at the end of the aqueducts (the Trevi fountains is such) to fountains and houses: a typical example of a pipe laid in a pavement can still be seen here in Bath, and a length of domestic-size pipe is on show at the Roman Villa at Chedworth. Water was assessed on the basis of the diameter of the pipe at inlet to each house or garden. The tax dodgers hammered out the pipe into a cone of increasing area to obtain more and hence tax-free water, a phenomenon which was not explained until 1738 by Daniel Bernoulli in his "Hydrodynamica".

Julius Frontinus (AD 25-103), the Water Commissioner from AD 97, described the management, structure and operation of the water supply in "De Aquis urbis Romae"—a manuscript discovered in Monte Cassino in 1429, including an account of how he tracked down the culprits by tracing and lifting the pipes. He replaced the lead inlet pipes with short thick bronze ones but the whole distribution system remained lead.

Since piped water was an expensive luxury we can surmise that it must have been restricted to the Emperor's court, the Senators and wealthy merchants. If indeed there was slow lead poisoning from the pipes then it is likely that Roman society crumbled from the top. I Claudius may not after all be fictional.

The Roman architect Vitruvius pointed out the dangers of lead pipes, relating their use to the diseases suffered by the lead workers, and Galen, the great physician in Rome in AD 162, certainly directed that in making up certain medicines water from lead pipes must be avoided. The mystery of lead poisoning was explained in one of the masterpieces of medical reasoning by Sir George Baker in 1767 in his essay on the cause of Devonshire colic attributed to cider.

By a success investigation of all ciders and wines he eliminated the tartar and isolated the effects of the lead portions of the cider apparatus; he quotes Vitruvius and Galen in this essay as proof that the ancients were aware of the danger.

Yours sincerely,
JOSEPH BAKER,
School of Engineering,
University of Bath.

LETTERS TO THE EDITOR

Relationship between money supply and inflation

From Professor Lord Kaldor, FBA
Sir, I am surprised that Professor Lord Kaldor (April 4), a distinguished economist, as my own university, should require any tuition from me in the principles of statistical inference. A possible explanation may be that the material on which biologists are working, based on controlled experiments, makes less exacting demands statistically than relationships between time series.

From the point of view of the economist, the figures shown by Professor Mills provide no evidence whatever of a causal relationship for a number of reasons:

- (i) The high correlation coefficient depends entirely on the inclusion of two years, 1974 and 1975, in the sample. If these are excluded, the correlation coefficient for the period 1965-73 becomes $r = 0.048$ and the regression coefficient of prices on the money supply of two years earlier has a t value of only 0.54 (as against $t = 4.24$ if 1974 and 1975 are included).

- (ii) The high correlation shown for the last two years is a spurious one, for reasons explained by Mr Wynne Godley in his letter to The Times of July 14, 1976. For those two years "the price changes were predominantly determined by the rise in the money supply."

- (iii) The high correlation between money supply and inflation (March 31) raises an interesting point of logic. There are only three possible relationships between these two economic phenomena:

 - (i) That the first is to some measurable degree a cause of the second.
 - (ii) That the first is to some measurable degree an effect of the second.
 - (iii) That both are two independent variables having adjacent space and time.

Until Professor Kaldor can show a fallacy in this logic, I think Mr Rees-Mogg's view is the more rational one. Yours faithfully,
P. J. A. BATHURST,
c/o Y House,
George William House,
Great Russell Street, WC1.

The Ombudsman system

From Mr D. W. Williams
Sir, Sir Robert Cock's timely comments on the vagaries of the system which passes for an Ombudsman system in this country (article, April 1) surely will not be disputed by any informed observer. Even the Government conceded all was not well, when it announced earlier this week that the next Parliamentary Commission will be "somewhat" with substantially different experience" to the present and past office holders.

Certainly there is ground to question the approach of some reports on complaints. Recently, in one complaint against a prison against the Home Office, allegations were made that certain actions were in breach of the European Convention on Human Rights. The Commissioner's report commented: "since the actions . . . were taken under the authority of the Prison Rules, 1964, it seems to me unlikely that those actions could be held to constitute a violation of the Convention." Because the allegation was unlikely it was held to be not well founded. And all this just 12 months after the Government had been found by the European Court on Human Rights to be in breach of the Convention because of the terms of those very Rules!

Cost of Nimrod aircraft

From Mr Kenneth Warren, MP for Hastings (Conservative)

Sir, I must challenge your Air Correspondent's statement in today's Times (April 1) that the purchase of Hawker Siddeley Nimrod aircraft for the Airborne Early Warning service will be more expensive than the American alternative offered. Figures given to me by the United States and British manufacturers showed that the United States solution to the defence requirement would need eight aircraft and cost £400 million, whereas the British solution would need eleven aircraft at a cost of £220 million. Such a difference is of interest to taxpayers.

The Government's decision to purchase British aircraft, rather than wait any longer for the other NATO nations to decide if they can afford an American aircraft, is of strategic importance to Europe's defence capability. Europe will continue to retain an independent capability for designing and manufacturing large military aircraft. Without this resource, which depends more on the continuing use of skilled

Price rises

From the Director General of the National Chamber of Trade
Sir, In his penetration of "A strange loophole in the price rise rules" Hugh Clayton (March 25) uncovers a possibility of unfair profits arising from rapid increases in tea and coffee prices. His article did, however, overlook a basic problem.

One thing that should be borne in mind by those seeking to investigate the profitability of other people's businesses is that somehow, and from somewhere, shopkeepers have to find enough money to replenish stocks. If, for example, stocks are bought at a price represented by 100, and the gross profit margin (to cover ALL overheads as well as profit) is 25, then the selling price is 125. When the supply cost rises to 130 before

given the number of degrees of freedom. As Mr Godley pointed out in his letter, even if a statistically significant relationship were found to exist, it would signify nothing in the absence of an underlying hypothesis which is reasonable in terms of economic theory and behaviour.

With regard to Mr Jonathan Shack (April 5), agree that Professor Friedman has done a huge amount of work to prove his case (much of which I read) and in my view none of it bears out the claim he made for them. A particular example is his book, *A Monetary History of the United States*, an interesting piece of history and makes good reading, but there is nothing in it to prove the view that a supply of paper money in the United States since 1867 was exogenously determined and did not vary in response to the needs of trade. Of course it is easier to make a "convincing" case to show that an alleged relationship is spurious than to prove it is not.

Yours faithfully,
NICHOLAS KALDOR,
King's College,
Cambridge,
April 5.

From Mr P. J. A. Bathurst
Sir, Professor Lord Kaldor's view of the relationship between money supply and inflation (March 31) raises an interesting point of logic. There are only three possible relationships between these two economic phenomena:

- (i) That the first is to some measurable degree a cause of the second.
- (ii) That the first is to some measurable degree an effect of the second.
- (iii) That both are two independent variables having adjacent space and time.

Until Professor Kaldor can show a fallacy in this logic, I think Mr Rees-Mogg's view is the more rational one. Yours faithfully,
P. J. A. BATHURST,
c/o Y House,
George William House,
Great Russell Street, WC1.

From Dr Ivor Selous

Sir, Although the figures of Mr Rees-Mogg may impress a biologist such as Professor Mills (April 4), they do not impress a psychologist such as myself. It is true that the correlation between excess money supply and increases in prices two years later is 0.848. But one might equally interpret the figures as showing that price increases are independent of money supply. It is clear from the figures cited that increases in prices have been rising over the years specified (the correlation between increases in prices and year is an impressive 0.875),

blamed for their terms of reference. It is not their fault that they are citizens' defenders that citizens cannot approach, or that they investigate complaints by individuals, yet cannot tell the individuals the results of the investigations.

Perhaps one should expect little else from the 1967 Act. Even its ministerial proposer (Richard Crossman) commented in his diary that his bowels turned in anger when he realised that the result of the Act would be an office stripped of all effective powers. Despite all this, there are positive achievements in this first decade. We should not forget the Sachsenhausen affair, and other cases where redress was secured after the effects of the law had failed, and in areas where the courts can not trespass. Within its limits the office is a qualified success. Those who predicted that the system would undermine ministerial responsibility and weaken the effectiveness and efficiency of the House of Commons have little evidence in that decade to prove their points.

Let the limits be lifted. Direct access by public to Commissioner and Commissioner to public (including the press) would be a small but important step. Yours faithfully,
DAVID W. WILLIAMS,
University of Manchester,
Faculty of Law.

scientists and engineers than factory floor space, Europe would become dependent on an unreliable United States Administration for the supply, at any price, of all future large military aircraft.

Whereas I am in favour of NATO weapons standardization the results so far show that the United States believes the standardization should be based on their suppliers. Indeed NATO encouraged this when it established the committee to consider the Airborne Early Warning aircraft requirement, it decreed that the committee should only exclude one American aircraft type. The Nimrod and all others were excluded from consideration. Indeed I would say that the United States failure to sell their aircraft was because these terms of reference meant the only thing to argue about was the price rather than the merits of the aircraft. This should serve as a stern warning to NATO that international industrial competition is essential for the achievement of weapons standardization.

Yours faithfully,
KENNETH WARREN,
House of Commons.

Flattering flora

From Mr Guy H. Rapson
Sir, A weed is a plant that is insensitive to insult. Yours faithfully,
GUY H. RAPSON,
17 Gorden Royal,
SW15,
April 2.

Mother's occupation?

From Mr J. F. Nugge
Sir, I have been applying for jobs and filling in numerous application forms. They all ask what my father's job is but none of them ask about my mother's. Why? I happen to be very proud of what she is doing—and I am sure it is just as relevant. Yours sincerely,
J. F. NUGGE,
10 Heath Hurst Road,
Hampstead,
March 29.

EXECUTIONS IN THE STATE OF THE MASSES

The execution of twenty-two officers in Libya last weekend is depressing news. Although Colonel Gaddafi has won an international reputation as a bloodthirsty dictator by supporting a wide variety of terrorist groups, Libya's record for respecting human rights internally is relatively good. It is one of the very few Arab countries where prison conditions, so far as is known, are tolerable and the death penalty is not regularly enforced for either political or common-law offences. In fact, these executions are believed to be the first to have occurred in Libya since 1954.

The executed officers belonged to a group of about seventy-five members of the armed forces who were tried last December on charges of attempting to stage a coup d'état in August, 1975. On December 25 the military court sentenced twenty-three of them to death, including the leader of the plot, Major Omar Meheishi, a former member of the Revolutionary Command Council. He was sentenced to varying terms of imprisonment. But on appeal a second military court actually increased the number of death sentences to thirty-three according to some reports, thirty-five according to others. It

is not yet clear whether these additional sentences have been carried out as well as the original twenty-two.

Incidentally the executions arouse serious fears for the fate of other Libyans who are currently in prison under sentence of death. Four such people—Adam Al Hawas, Omar Al Wahdy, Al Hadi Ibrahim and Abdul Wanis Mahmoud—have been held ever since the end of 1969 (a mere three months after Colonel Gaddafi himself seized power) when they too were accused of preparing a coup d'état. Their death sentences have never been commuted. Two other people—Al Mabruk Abdul-mawla Aboul and Abdul Ghani Muhammad Khanfar—actually had their sentences raised from imprisonment to death by an administrative decision of the Revolutionary Command Council on February 24 this year, although they have not been accused of any violent crime but merely of being members of an illegal organization. (They were part of a group of forty Libyans arrested in April, 1973, and accused of being Marxists, Trotskyists and members of the Islamic Liberation Front. Acquitted and released by an ordinary court in December, 1974, they were immediately rearrested, and eventually tried again by a specially constituted People's Court in January this

year, but the prison sentences handed down by that court were evidently not considered harsh enough by the regime.)

Such treatment of political opponents throws an unfavourable light on the slogans proclaimed by the General People's Congress at its special session last month in the desert town of Sabha, chosen because it was the scene of Colonel Gaddafi's early "struggles" as a rebellious sixth-form student. All Libya's formal institutions were officially abolished, authority was handed over to the "popular masses", and even the name of the country was changed to "the Libyan Arab Socialist State of the Masses" (*Jamahiriyah*, a mere republic). The true meaning can no doubt be seen in a cartoon in the daily *Al Fajr* at Jadid, showing the Libyan masses on the march, bearing aloft the torch of "people's authority": every face has the identical features of the Brother Colonel.

Isolated in the Arab World, feared and hated in the West but firmly supported (for all his ideological difference with communism) by the Soviet Union, Colonel Gaddafi clearly does not have unlimited confidence in his own people. Why that should be so he himself must know better than we do.

THE WORLD CRISIS OF STEEL

It is heartening to see the EEC, both at the political level of the recent summit at Rome and through the Commission, taking the initiative in the crisis which grips the international steel industry. The future of the common market depends upon a developing effective policies deal with the real problems facing the lives and the jobs of the citizens of its member countries. Steel, like shipbuilding, is an industry which is in deep structural crisis, for existing capacity now far exceeds any forecast of demand. This applies both world-wide and within continental industrial couplings, like Western Europe.

The present prolonged world industrial depression has opened the problem, but the problem cannot be solved by lying on until the next swing of activity. The largest segment of the structural, rather than cyclical, problem is the excess balance of the Japanese industry. In the course of the pan-European economic miracle, that country's steel industry was built to a formidable capacity on a basis of the most modern production units in the world. Japanese steel industry came the single most dominant

force in the world's steel economy. Now, with the dramatic fall in the Japanese domestic growth rate and the general fall in the demand for steel, the Japanese industry both needs to get rid of huge surplus production in export markets and has the capacity effectively to undercut prices in the rest of the industrial world. In this respect the United States is every bit as vulnerable as Western Europe. Were it not for effective though informal arrangements, the American steel industry would be decimated by Japanese imports.

It is important that the various strands of the problem should be kept logically separate in the formulation of European policy. Given the imbalance and the capacity of the Japanese industry, the close monitoring of Japanese imports into EEC countries through an automatic licensing system would seem appropriate. Traditional protection against aggressive and deliberate export policies, designed to destroy particular industries in other countries, need to be strengthened and made more speedy.

There is also the question of

how collectively or singly the steel industries of Europe should be put on to a stable basis. The unavoidable fact is that total capacity will have to be reduced one way or another, if the taxpayers of the Community are to avoid a situation in which they are left having to shoulder an ever-growing burden of support and subsidy.

Faced with this prospect the draft commission plan proposes that the burden should be placed on citizens not as taxpayers, but as consumers. For this would be the effect of a regime of agreed minimum prices. Such a plan, combined with setting the prices so that the most inefficient plant would have to be scrapped at once, would place the biggest transitional problem on the British Steel Corporation. For it is by far the largest steel company within the Community and has some of the oldest capacity. If, therefore, the EEC's reform plan is to win general acceptance, it will have to take account of the varied social and political costs involved in its implementation. But, however uncomfortable the prospect, some fundamental and coordinated policy on a European scale is now essential.

Survey points to upsurge in activity by top UK companies

By Melvyn Wealdale

Many of Britain's big companies expect an upturn in their workload and staffing levels in the spring, according to a survey published yesterday. The survey, the *Manpower Index of Work Trends*, was conducted in late February and early March, and covers 1,589 large companies in 19 private and public sectors across the country. It shows that nearly half of the companies surveyed foresee an increase in their workload during the second quarter of this year. A quarter of them expect to hire more staff, while 15 per cent predicted that they would subcontract more of their work. This survey is the first of an extended quarterly series carried out by the Manpower Group, which has been publishing more limited surveys of employment prospects for the past 11 years. Manpower itself is part of an international services group which specialises in contracting

work in commercial, industrial and technical fields. Some 42.1 per cent of the companies surveyed said that their workload would rise during the three months, April-June, while 9.6 per cent expected a drop. More firms also planned to increase their staff (24.7 per cent) compared with the first quarter of 1977 (13.9 per cent) and the corresponding period of 1976 (17.2 per cent). Sub-contracting appears from the survey to be relatively stable across the range of industry, with 15.2 per cent of companies forecasting an increase in this kind of activity, 10.9 per cent a decrease, and the great majority (70.5 per cent) expecting no change. By sector, the survey finds clothing manufacture to be the most buoyant industry on workload estimates (56.9 per cent increase). No company in this sector foresaw a decrease. In addition to normal seasonal fluctuations, the clothing industry is expecting

further benefits from the tourist shopping spree and export opportunities. It is also the most optimistic sector in projected staff increases and sub-contracting. Light engineering and electrical engineering is also buoyant. Local government, public building and public utilities expect falls in their workload, staffing and sub-contracting. By region, the south leads the United Kingdom in its expectations of business activity. Net increases were seen in staffing and sub-contracting. This region was expected to show one of the largest increases in employment over the previous quarter. The South-west and London followed closely by the Home Counties, were also more optimistic than previously. The survey also suggests that all regions of Scotland do not expect to benefit equally from North Sea oil. Scotland (East Central) shows the worst prospects overall.

Slight fall in jobless total in W Germany

From Peter Norman Bonn, April 5

The number of unemployed in West Germany fell last month by 129,500 to 1,084,200, bringing the unemployment rate down to 4.8 per cent at the end of March from 5.3 per cent at the end of February. Announcing the figures Herr Josef Stieglitz, President of the Federal Labour Office, also disclosed that there was a 23,400 drop in the number of people affected by short-time working to 257,800 while the number of job vacancies increased by 19,600 to 244,800. Herr Stieglitz described the fall in the number of unemployed last month as "not particularly stunning". The overall improvement was due to seasonal factors rather than any revival in the German economy. The latest figures contain few surprises for observers of the West German economic scene. In the view of Dr. Wilfried Guth, who is one of the two managing board spokesmen of the Deutsche Bank and a close confidant of Herr Helmut Schmidt, the German Chancellor, the overall economic climate has changed little for some months. At a press conference, Herr Guth said the German economy

was going through a period of modest recovery rather than upswing. According to Herr Guth, the German economy is lacking a "locomotive" to pull it out of the doldrums. In present circumstances, neither export demand nor business investment is growing sufficiently to give the economy the required material and psychological push. Increase in Japanese jobs: Japanese unemployment in January was about 1.22 million up 80,000 from January, but down 40,000 from the same month last year. The unemployment rate in February stood at 2.3 per cent before seasonal adjustments, up from 2.2 per cent in January. The seasonally-adjusted rate stood at 1.37 per cent, down from a revised 1.58 per cent in the previous month and down from 2.03 per cent in February, 1976. Depressed southern Italy: Unemployment is growing faster in the already depressed areas of southern Italy than in the central and northern regions, a quasi-state agency has reported. The agency said that national unemployment was 1.31 million in January, a rise of 6.8 per cent from the same month last year. However, the agency said, unemployed persons in the southern regions, Sicily and Sardinia, totalled 770,000 of these, for a gain of 7.7 per cent.

Marketing body attacks Bullock plan

Recommendations of the majority Bullock report on industrial democracy are untimely, highly divisive and would have a damaging effect on the structure and morale of British industry, according to a memorandum sent by the Institute of Marketing to Mr. Dell, Secretary of State for Trade. The Institute totally disapproves the recommendations and says: "It seems to us astonishing that at a time when everything possible needs to be done to unite and stimulate British commerce and industry towards making greater efforts for our survival, that a report should be published which suggests a course of action that will contribute nothing except controversy and friction on the business scene." The Institute is angered by what it describes as the "short circuit" effect on board membership, which would mean that untrained persons might be made directors without having the necessary knowledge or experience. "If it is said that the union representatives are only there to represent the employees, this reinforces our argument of potential confrontation at board level between executive directors, who are employees skilled at their respective jobs, and employee representative directors who are there for no apparent logical reason."

Plea to base phase 3 on low percentage pay limit or company norm

By Malcolm Brown

Sir Kenneth Keith, chairman of Rolls-Royce (1971), said last night that there were only two real choices for phase three of the pay policy: percentage limits or company-wide norms. At a meeting of the British Institute of Management in Leeds, Sir Kenneth said that he looked for a phase three which would have four main objectives. First, it should keep the increase in basic wage costs down to an agreed percentage limit which should be as low as possible; second, it should restore differentials, assisted by much direct tax system to help the higher paid; third, phase three should restore some room for manoeuvre to the unions in collective bargaining. Finally, said Sir Kenneth, the next phase of pay policy should prepare the ground for an end to interventionist pay policies. These criteria would rule out two options: the fixed limits and arbitrary ceilings of phases one and two, and productivity deals which past experience had shown provided loopholes for straightforward wage increases without any real rise in productivity. "This leaves two choices—percentage limits which would give some flexibility and help to restore differentials; or company-wide norms, with



Sir Kenneth Keith: only two choices for next pay policy.

scope for individual bargaining within these norms, and tax penalties for companies whose overall wage bills increase by more than the norm. "The attraction of the latter is that it really does bring home to employees the fact that there is a limit to the size of the Treasury and that bargaining must take place around how the extra slices are distributed." Sir Kenneth said that the next year should be used to make progress in the restructuring of collective bargaining procedures, through reduction in the number of unions involved at plant level.

NEB widens stake in computers

The National Enterprise Board has signed a long-term agreement with Computer Analysts and Programmers (Holdings), the computer software company, under which it will take a 29.5 per cent stake in the CAP group for £549,111. In a joint statement yesterday, Charterhouse Development Capital announced that it also has taken a holding in the group—15 per cent at a cost of £251,720. Mr. Alex J. Agapayeff, chairman of CAP, said that the agreement with the NEB and CDC would make CAP the first member of the NEB subsidiary Inspec Data Systems, set up earlier this year to market abroad hardware and software products and services on behalf of its participant companies. Mr. John Pearce, deputy head of the NEB's computers and electronics division, said: "The NEB is very pleased that such a successful and profitable company as CAP has joined Inspec."

In brief

Ford boosts spark plug production

Ford is investing £2m to boost output of its Motorcraft spark plug range to 70 million units annually. The ceramics plant at Treforest, South Wales, will get £1.5m for new kilns, press and machinery and a fourth assembly line. The company has just spent £200,000 at its Enfield, Middlesex, plant which is to be topped up with a further £400,000 to boost spark plug assembly in conjunction with the Treforest expansion. At Treforest, plant which was bought from Smiths Industries in 1973, insulator output capacity will be raised from 52 million annually to 70 million plugs a year. This will mean an additional 80 jobs. The Enfield and Treforest plants are Ford's only spark plug production in Europe and are used to supply the company's British plants and those at Valencia and Cologne.

UK shipyard deal with Poland criticized

Plans by British Shipbuilders, the new state corporation, to build 22 merchant ships for Poland in a £120m package deal would be detrimental to the British merchant fleet, and would also contribute to the growth of Soviet naval power. This view was expressed yesterday by H. P. Drewry, a leading firm of shipping consultants. Negotiations on the shipbuilding package deal have reached an advanced stage.

£5m SavaCentre plan

The third SavaCentre, the hypermarket operation jointly owned by J. Sainsbury and British Home Stores, is to be built in Basingstoke, Hants. The project, to cost about £5m, will have a total area of 135,000 sq ft as part of the town's shop and office expansion scheme. Earlier SavaCentres are planned for Washington, Co. Durham and on the outskirts of Chesham. The local council at Sandwell, near Oldbury in the West Midlands, has invited an application for planning permission for a SavaCentre, which BHS and Sainsbury are considering.

Credit union scheme

Plans to allow the introduction of credit unions in Britain are to be included in the licensing and supervision of deposit taking institutions. Credit unions, popular in North America, many Commonwealth countries and Northern Ireland, are groups of people with a common bond who organize themselves into a savings society from which they can borrow at favourable interest rates. They are non-profit making, mutual organizations.

Cost inflation slows

Manufacturers' cost inflation is starting to slow down, according to the monthly price monitor of the Institute of Purchasing and Supply. The finding, which contrasts recent official statistics of wholesale price rises, suggests that the average price increase sought by industries' suppliers fell by 1.2 per cent in March to 8.86 per cent, with the biggest increases being sought by large companies.

Local radio extensions

The Independent Broadcasting Authority has awarded annual extensions of the three-year rolling contracts of Piccadilly Radio, Manchester, and Beacon Radio, Wolverhampton. This is the third extension for Piccadilly and the first for Beacon which came into operation last April.

Mobil in N Sea deal

Mobil Oil is to acquire a 25 per cent interest in five blocks in the northern part of the North Sea from the Total Oil Marine group. It will earn the stake by undertaking an intensive seismic and drilling programme over the next two years.

LETTERS TO THE EDITOR

Where interests lie in investment trust mergers

From Mr D. A. Hunter Johnston

Sir, Mr John E. Johnston in his letter (April 5) refers to projected mergers of investment trust companies which he describes as being "arranged with the object of making more difficult takeover bids from outside the trust field" and says that "it seems at least open to doubt whether directors of trusts, in agreeing to mergers, are in fact considering as paramount their responsibilities to shareholders". Mr Johnston does less than justice to directors of investment trust companies and is under a misapprehension. It is only the shareholders of the companies concerned who can agree to a merger. The most the directors can do is to submit proposals to the shareholders with a recommendation. The shareholders make their own decisions and must be the judges of their own interests. The usual reasons for investment trust mergers are to reduce administrative expenses and to promote a better market in the shares. Where there are cross-holdings which are eliminated on amalgamation,

an increase in the net asset value per share also results. There are 229 members of the Association of Investment Trust Companies. Many people think that is too many, and that it would be to the advantage of shareholders if the number were reduced; but the amalgamation of two investment trusts is a difficult, technical operation not easily arranged. Apart from anything else, a merger is only feasible when the terms can be recommended by the two boards of directors as being equally to the advantage of both groups of shareholders. There is not much connexion between amalgamations and takeovers from outside the trust field. The company resulting from a merger may well be a more attractive object for a takeover bid than the two companies from which it was formed. Yours faithfully, D. A. HUNTER JOHNSTON, Chairman, The Association of Investment Trust Companies, Park House (6th floor), 16 Finsbury Circus, London, EC2M 7JJ.

An economist's misleading 'water'

From Mr Gary Rawlinson

Sir, May I be allowed to comment on Peter Jay's article in *The Times* of March 31? The past five months have seen a remarkable about-turn in the level of expectations with regard to the economy. From the depths of despair last October-November, we have seen, as Mr Jay rightly points out, a rapid improvement in the stock market. And since the men in stock market are one and the same as those in commanding positions in our economy something must be stirring. But one of our other internationally eminent economists recently pointed out to myself and others, there is no concrete foundation for this psychological improvement. Growth prospects are such as to mean an even greater under-utilization of capacity, total capacity is falling, the trend of unemployment is still upwards, the long-awaited export-led boom still shows no signs of materializing and prospects for a new incomes policy have been dimmed by the problems of differentials, the falling share of wages in national income, etc. I fear, Sir, that "the water" of Mr Jay's economist may be misleadingly clear.

Mortgages and the building society investor

From Mr C. M. Atchley

Sir, New that minimum lending rate has been reduced we can already discern from certain quarters the cry that the building societies should follow suit. Those who are tempted to support this demand would do well to remember that the societies can only obtain money from the increasing public if the rates of interest paid are sufficient to attract it. Building societies are not in business to provide a free mortgage service to the world at large, but merely to lend to their investing members. Advances made to non-members can only come from surplus monies lent at commercial rates.

Politicians seeking popular advantage would do well to remember this, and ponder on the fact that for every borrower there are, on average, six investors. There should, therefore, be no electoral advantage in pressing the societies to lend money at lower rates at the expense of the far more numerous investors. If it is desired to make extra money available at lower rates for mortgages then it must be done at the taxpayers' expense via the local authorities. Yours faithfully, C. M. ATCHLEY, Jepe House, 19 Cecil Road, Weston-super-Mare BS23 2NG, April 3.

'Impartiality' of ACAS

From Mr J. Leigh-Levis

Sir, Following the discussions regarding the Advisory, Conciliation and Arbitration Service, I feel that I must add my comments to those expressed by Mr T. Mercer (March 29). I am employed by a large company currently being "helped" by ACAS to "improve industrial relations". I would like to comment on the impartiality of ACAS displayed so far, suggested by your recent letter from an ACAS spokesman, Mr J. E. Morvimer (April 4).

From Mr Simon Palmer

Sir, The letter from my contemporary in the *Financial Times* advertising agency (March 29) has exposed a problem which many companies, this one included, is currently facing: join a printer's union or go out of business. I never thought I would live to see the day when in this country, above all others, the right to choose would be taken away from us without having recourse to the law. My company, in order to stay in business, asked the local branch of the NGA about taking up membership. We were first of all asked to send a letter (drafted by them) which agreed to, among other things, observe their rules "as they now exist, or as may be subsequently amended". A frightening proposition. There exists a body calling itself the IPA, the Incorporated Practitioners in Advertising, which, to my knowledge, has done very little to combat this threat.

Income tax anxiety

From Mr A. Werner

Sir, "The Times blueprint for radical tax reform" is timely and thought-provoking, particularly in respect of your second point that the system is so complicated that most taxpayers are unable to understand it. This is true and very disturbing to anyone who cherishes the very high degree of personal liberty enjoyed by the inhabitants of these islands. The inability to understand one's tax allowances and liabilities breeds uncertainty and anxiety. In such a condition one is unable to defend one's rights with any vigour, because of the gnawing doubt and fear—at the back of one's mind, the Inspector of Taxes is master of the situation. This is, of course, all too familiar a feature of totalitarian regimes where the citizen is in varying degrees at the mercy of bureaucrats. We have not, thank God, reached that position yet, but we should not ignore the danger signals, and it is perhaps worth noting that tax inspectors no longer and their letters "Your obedient servant" but simply "Yours faithfully". I am, Sir, ANTHONY WERNER, 2 Rectory Road, Oxford.

Equal pensions

From Miss H. R. Brus

Sir, In your article about sex equality in pensions (March 16) you report on further steps being taken to remedy the situation, but you do not question the fact that a special case of pensions for divorced or separated wives is being considered. May I ask: will it also apply to divorced or separated husbands? Sincerely, HELENA R. BRUS, Senior Research Executive, Imperial Group Ltd, 1 Grosvenor Place, London SW1X 7BB.

Jubilee crowns

From Mr P. Grieve

Sir, After admiring the excellent design of the new jubilee crowns currently available from banks, one notices the scratches and dents on them, and the fact that the Queen's features are indiscernible. What has happened to "mint condition"? P. GRIEVE, 35 Gerrard Road, Islington, London, N1.

Transport costs

In a letter which appeared in *The Times Business News* on Monday, Mr H. R. Featherstone, Director General of the Freight Transport Association, discussed new proposals from Brussels concerning goods vehicle weights. The headline was incorrect and should have stated that the proposals were likely to reduce transport costs.

the foundations for growth and development

A world force in phosphorus chemicals.
International strength in detergent materials.
One of the world's largest producers of flavours and fragrances.
The world's largest producer of sodium chlorate for the pulp and paper industry.

REVIEW OF FIVE-YEAR PERFORMANCE

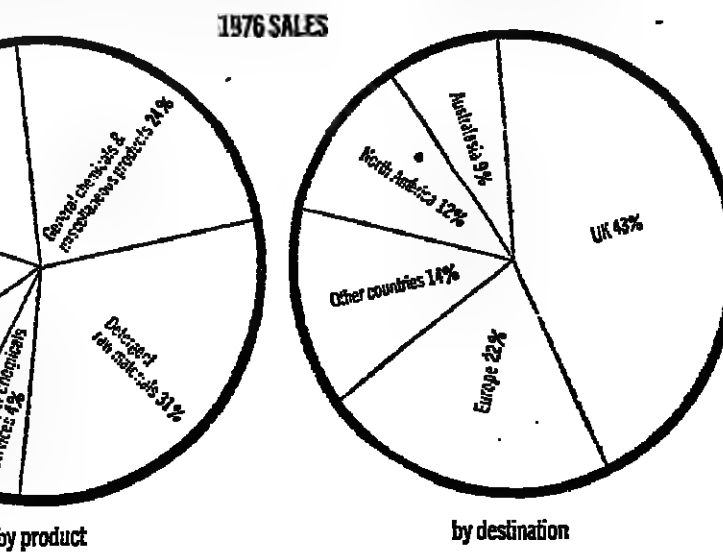
	1972	1973	1974	1975	1976	
Pre-tax Profits	£3.6m	£8.3m	£23.6m	£18.5m	£31.6m	71% annual improvement
Sales	£134m	£156m	£204m	£227m	£285m	21%
Fully diluted e.p.s.	2.1p	5.3p	12.3p	9.1p	15.1p	64%
Dividends	0.8p	2.3p	3.5p	3.8p	4.1p	50%
Net capital employed	£117m	£115m	£137m	£160m	£182m	—
Return on net capital employed	5.9%	10.2%	19.9%	15.1%	20.5%	37%
Gearing (Borrowings less cash as % of net capital employed)	30.0%	20.0%	20.0%	19.0%	17.0%	—

1976 was another year of marked progress with a record pre-tax profit of £31.6m—a 71 per cent increase on the previous year.

During the past five years Albright & Wilson's growth has been largely from within, based on the development and expansion of those areas where it has proven strength and expertise. 1976 reflected this trend.

ALBRIGHT & WILSON

Head office: Albright & Wilson Ltd
1 Knightsbridge Green London SW1 7QD



Copies of the Annual Report, including a special supplement 'Albright & Wilson: Worldwide in Phosphorus Chemicals', are available from the Company Secretary.

WHATLINGS

CIVIL ENGINEERING AND BUILDING CONTRACTORS

RESULTS FOR YEAR ENDED 30th September 1976

	1976	1975
Turnover	£20,611,000	£16,361,000
Profit before Tax	464,000	233,000
Dividend per share	0.575p	0.447p
Earnings per 5p Share	1.87p	0.95p

- Significant improvement in Group liquidity.
- Trading profits for first months of current year ahead of comparable period last year.
- Scrap issue of 1 new share of 5p for every 4 currently held and consolidation into shares of 25p each.
- Improved liquidity and prospects for new developments overseas enable company to face difficulties in industry with confidence.

Copies of full report from the Secretary, North Clermont Street, Glasgow G3 7LF

BY THE FINANCIAL EDITOR

Dividends and price controls

One would have thought that even the least glimmer of a hope that dividend controls might be relaxed would send the stock market into paroxysms of delight. So its supreme indifference yesterday to Mr Roy Hattersley's statement that no pay deal would mean no dividend controls as well as price controls is a measure of how deeply the market believes a pay deal will be agreed and that the only argument is over its shape.

But perhaps the market is unwise to totally ignore the free-for-all lobby. Indeed, it is possible that the attractions of dividend freedom might create some converts to that cause. It is true, of course, that by dint of rights issues, acquisitions or just plain recovery many companies have already raised their dividends by more than the maximum permissible 10 per cent a year.

But the average company is nevertheless showing dividend cover of close to three times: DATASTREAM's computer shows 180 companies capitalized at more than £10m with dividends more than three times covered. This list includes Becton (6 times), Wimpey (11.7 times), Lucas (5 times), Thorn (4.9 times), Glaxo (4.8 times) and Gesteira (5.4 times) to name but a few.

There is no guarantee, though, that companies such as these would automatically increase their dividends under a free regime. On one view companies are now much more conscious of their cash flow in relation to dividends, rather than their cover and, in these terms, may not feel able to raise their dividends much.

Others still think cover is the measure, and that many companies would like their dividend growth to match either their profit growth or inflation. On this view, the market has been calculated that if there had been no dividend control last year dividends might have risen by 30 per cent.

Two majors which would certainly do something are Shell Transport and Unilever, both of which have arrangements to equalize their dividends with their Dutch counterparts. To maintain parity, Shell would have paid 36.5p a share gross last year compared to an actual pay out of 21.5p.

The yield would thus go up from 4.5 to 7.8 per cent. Similarly, Unilever's dividend would have been 29.5p instead of 19.5p and its yield 6.5 per cent instead of 3.8p. And this does not include the cash backing of last year's dividend which the group reported yesterday, and the shares ended the day 5p lower at 24.5p.

There was more to justify this treatment than at first sight appeared, for of the £9.3m improvement, £2m was attributable to the elimination of last year's additional debt provisions, another £2.2m came from the hire purchase and leasing subsidiary—whose exceptionally strong profit growth of 65m owed perhaps £1m to the recovery of bad debts provided for the sector as a whole.

Unilever's £500,000-odd reflected a 22m in the buoyant consumer banking business.

With its financial year running to the end of February, Bank of Scotland has had the benefit of two months more of high interest rates than its English competitors in the period just ended; so the market was inclined to be biased about the 53 per cent improvement in pre-tax profits which the group reported yesterday, and the shares ended the day 5p lower at 24.5p.

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Mr Mark Weinberg, managing director of Hambro Life Assurance, maintaining above average growth.

So the performance of the clearing bank itself has been relatively flat, with the effects of a higher average base rate—11.55 per cent as against 10.23 per cent—higher commission income, and a big increase from a small base in the international business, counteracted by negligible loan volume growth.

With the best of the growth in oil-related industrial borrowing now over, and the Scottish economy traditionally lagging its British counterpart, the best part of a year, there are few prospects of an increase in volume this year, and that lower rates suggest that there is not much immediate scope for improvement in the shares, which yield just over 6 per cent.

Final: 1976/77 (1975/76)
Capitalization £79.0m
Pre-tax profits £25.8m (£17.5m)
Earnings per share 37.4p (29.3p)
Dividend gross 15p (13.6p)

Grattan Holding margins

Grattan Warehouses was far too gloomy about its second half prospects. Instead, there are expected barely maintained profits, the growth in the second six months almost kept pace with the first to produce a 19.1 per cent improvement for the year at £11.7m. A laudable suggestion of volume growth with a sales gain of 18.6 per cent against only 10 per cent in the first half can be only partly explained by the mini-boom in advance of the expected VAT rise which failed to materialize in the autumn Budget.

In fact, Grattan appears to have got its sales mix right and is gaining a broader base without loss of margins as a question mark must be raised over the long-term wisdom of Freeman's concentration on its more profitable areas at the expense of market share.

Grattan's margins are still higher than Freeman's despite the latter's share improvement last year. Both groups have improved their balance sheets ready for the increase in consumer spending, whenever it arrives, but in the short-term it is Grattan whose growth looks underrated.

The group has been paring away at costs and the effect was really felt in the second-half when, against its own expectations, the £6.8-week pay rise and a new contract with the Post Office were both absorbed without hurting margins. Fairly confident noises are being made about the current year, which could prove surprisingly good for the sector as a whole if catalogue pricing has taken a sharper view of inflation than actually occurs.

Final: 1976 (1975)
Capitalization £43.4m
Pre-tax profits £5.25m (£3.11m)
Earnings per share 27.6p (17.0p)
Dividend gross 23.1p (17.1p)

Local authorities Borrowing longer

Yesterday's half-point cut in yearling bond rates to 9½ per cent is the lowest level for almost four years and further evidence that local authority borrowing rates are falling more closely into line with ruling money market rates.

For some months local authorities have had to be fully competitive in the rates they offer because of reduced lending to the banks who have had to reject their assets to keep within the "corset" although the inflow from private investors and some institutions like the building societies has been steady enough to stop rates moving too far out of line with those in the money markets.

Meanwhile, yesterday's issues show some acceleration in the trend towards longer-term borrowing with several two and three year issues. How much it is due to better-than-expected arm-twisting by the Treasury or the need to restore their maturity profile in advance of the end-March quarter day is a moot point.

But it does look as if local authorities are beginning to take the view that interest rates may not have much further to fall and are taking the opportunity of securing their longer-term debt requirements at rates of between 10½ and 11½ per cent that could still look attractive later on this year.

Still, Grattan's 20 per cent gain in profits last year compared with a 29 per cent improvement at Freeman's and Grattan has taken longer to beat its previous best performance. But its recent success has been the future growth at both Freeman's and the smaller Empire Stores, who have put more into warehouse development, is likely to be faster than Grattan. Grattan's yield at 8.2 per cent with the shares at 98p is almost twice Freeman's and due for a re-rating.

Final: 1976/77 (1975/76)
Capitalization £43.1m
Sales £137.5m (£120.2m)
Pre-tax profits £11.7m (£9.8m)
Earnings per share 12.72p (10.69p)
Dividend gross 8.03p (7.3p)

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But it does look as if local authorities are beginning to take the view that interest rates may not have much further to fall and are taking the opportunity of securing their longer-term debt requirements at rates of between 10½ and 11½ per cent that could still look attractive later on this year.

The new American Administration has been in office for about 10 weeks and so far, on the economic side at least, it appears as if the Government is virtually a one-man show. President Carter is consistently outlining his views and aims before the television cameras, but his cabinet members and, most particularly, his deputies, are barely known to the public.

A major change is likely in the weeks ahead. The Administration's top officials are realizing that the success of their policies is going to depend on their ability to win broad public confidence. They realize that they have already weakened their positions to an extent by paying too little attention so far to America's trade union and business leaders.

The American business community and the labor unions are anxious and desperately need reassurance. The sharp decline in share prices on Wall Street since the start of the year tends to reflect these anxieties. The trade unions feel that their views are not being adequately reflected by the new Administration.

It has made numerous highly complicated financial proposals that seek to strengthen the World Bank and other multilateral aid organizations. Also, the Administration is close to finalizing a comprehensive energy programme and a package of anti-inflation measures. Further, it is striving to complete work on a set of international economic policies in time for a ministerial meeting of the International Monetary Fund late this month and for the summit conference in London in early May.

Those senior officials that have been appointed are now formulating new policies under difficult conditions. Many key positions in the government have still to be filled. The Federal Bureau of Investigation has apparently been dragging its feet in giving security clearance to people selected by the White House for top jobs.

Few of the top men now working in the Government have yet had their appointments confirmed by the United States Senate. Among those who have not are Mr Anthony Solomon, the Treasury Secretary for Monetary

Affairs, Mr Fred Bergsten, the Assistant Treasury Secretary for International Affairs, and Mr Richard Cooper, the Under-Secretary of State for Economic Affairs.

The pressure on top officials to continue drafting new policies shows no sign of easing. President Carter continues to make public promises that add to the bureaucracy's workload. For example, to the great astonishment of the Council of Economic Advisers, he announced on March 24 that he had ordered an anti-inflation package to be ready within two weeks. Council members had expected more planning time.

As the bureaucracy strives to outline its own new policies to the Congress it must at the same time cope with demanding new orders from the White House. Major changes in Government organization are being investigated while officials must at the same time start implementing the time-consuming new zero-based budgeting concepts that are to be fully in place for next year's budget.

It seems inevitable that the pace at which new policy announcements are made will slow, while officials start spending more time on matters of organization, policy implementation and public relations. In this latter regard there are already some indications that Mr Blumenthal, the Treasury Secretary, Mr Lance, the Budget Director, and Mr Schlesinger, the energy policy architect, will be much more publicly outspoken in the weeks ahead.

Mr Blumenthal, who some observers suggested last December would be the most influential man in the Cabinet, has maintained a very low profile so far. He has travelled little in the United States since taking office, given very few press interviews and avoided the busy Washington social circuit.

A decision to make a major National Press Club speech on April 13 may signify a change and a realization by the Treasury chief that he can strengthen support for his policies just as William Simon did, by striving to sell them himself directly to the public.

Frank Vogt

Why the US Administration must spend more time on selling its policies

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Frank Vogt

Melvyn Westlake

Commodities: failure now—success in November?

Gamani Corea (left) Unctad Secty-General: has put a £6,000m tag on an 'integrated programme' for commodities



But in the view of the developing countries, any commodity pact should be placed firmly under the supervision of a politically and financially viable Common Fund.

Moreover, if each country had a vote in the running of the fund, the numerical strength of the Third World would take control out of the hands of the rich nations. In contrast to the situation at the World Bank or the International Monetary Fund

It would, in effect, be an institution controlled by the developing countries on behalf of the developing countries, with money from the rich countries.

Not surprisingly, this vision of the Common Fund does not commend itself to most of the richer nations, which fear that this would be a recipe for chaos in the commodity markets.

However, there are considerable differences of opinion between the developed states themselves about how far they should go in meeting the demands of the Third World.

At one extreme stand the Scandinavian and Benelux states, which are prepared to accept a considerable degree of price regulation in the commodity markets. At the other extreme stand the United States and Japan, which are ideologically committed to free markets. Although there are some indications that the new American Administration of President Jimmy Carter may be prepared to make more concessions than its predecessor, United States policy in this area remains largely unformulated.

Britain, for its part, is desperately keen to appear in a more favourable light after the mauling it received from critics for its role at last year's Nairobi conference. In spite of the wide differences of opinion that exist within the European Community, it succeeded in getting the Council of Ministers

to agree a common position on commodities. After the recent Rome summit, the nine Community countries are now ready to accept that there "should be a Common Fund."

However, as envisaged by at least some EEC countries, the Common Fund would be little more than a clearing house or pooling arrangement, whereby money could be transferred between individually managed commodity pacts.

Thus, if one commodity administration found itself temporarily with surplus cash, it would channel the money to another administration that might have insufficient. In this way, the total financial resources needed to operate several commodity agreements might be less than for the sum of individual agreements without a pooling arrangement. But this does not share the same price cycle. Indeed, there is some evidence that industrial raw materials have a different cycle to agricultural crops.

The next major sticking point for several of the industrialized countries is that any new arrangements for commodities should be designed to smooth out cyclical fluctuations around the secular price trend. That means that prices of raw materials should not be raised above a "normal" equilibrium level that is high enough to encourage new investment, but not so high as to cause loss of markets through substitution.

Some developed nations argue that only the free market can establish this price. But proponents of commodity agreements counter by arguing that the free market has conspicuously failed to achieve the desired objective.

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Thus, if one commodity administration found itself temporarily with surplus cash, it would channel the money to another administration that might have insufficient. In this way, the total financial resources needed to operate several commodity agreements might be less than for the sum of individual agreements without a pooling arrangement. But this does not share the same price cycle. Indeed, there is some evidence that industrial raw materials have a different cycle to agricultural crops.

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The next major sticking point for several of the industrialized countries

The 163rd Stated Annual Meeting of the Scottish Widows' Fund and Life Assurance Society will be held at 15 Dalkeith Road, Edinburgh at 2.30 pm on Tuesday 26 April 1977.

The following are extracts from the Statement by the Chairman, Mr A H Mackenzie CA, published in advance of the Meeting:

Another record year for Scottish Widows.

NEW BUSINESS. The new annual premium income for 1976 secured by the Society and our subsidiary, Pensions Management (SWP) Ltd, at over £21M was again at a record level, being 11% above the corresponding figure for 1975.

For the Society the new premiums were over £18M representing an increase of 19% over the previous year's figure but new sums assured at £216M were 8% lower. This apparent paradox results largely from a shortfall in new group life insurance business due to the restrictions on the introduction of new schemes and the improvement of existing schemes still imposed by the Government's pay policy which also affects the level of incremental benefits related to pay increases. A further factor was the absence of any large tranche of new business corresponding to that which arose in 1975 from one very large scheme, which alone accounted for £20M of new sums assured.

In addition, there was a marked change in the composition of the Society's ordinary new business in 1976, with much more emphasis being placed on savings contracts, particularly with profits ending assurances, and less on contracts providing life cover only, although a very large amount of the latter type of business was transacted.

New annuities per annum effected with the Society at almost £11M increased by 13%, mainly because of the strong competitive position of the Society's Pegasus contract for small schemes and of our popular and competitive annual premium Personal Pensions contract for the self-employed; new annual premiums for this latter class of business more than doubled as compared with the previous year.

Our subsidiary, Pensions Management (SWP) Ltd, is particularly affected by the Government restrictions to which I have already referred, new annual premiums at just under £2.9M being lower than the £3.8M recorded in 1975.

The Society's new business figures for 1977 and subsequent years will be adversely affected by the loss of business from the Federated Superannuation System for Universities (FSSU) which has been replaced by the new privately funded Universities Superannuation Scheme. By 1980 the bulk of existing FSSU business will have been transferred to that Scheme and the Society has already withdrawn from the Panel of Offices transacting new FSSU business.

COMMISSION TERMS. 1976 saw the introduction by the two Life Offices' Associations, of which virtually all leading life offices are members, of a new system of commissions related to premium income rather than to sums assured. The Society welcomes this move to a more logical structure of commissions payable to brokers and other intermediaries, and in our view a strong case can be made for potential policyholders to effect their policies with offices which subscribe to the new Commissions Agreement.

INVESTMENT. Yields on long-term British Government stocks started and ended the year at a little over 15% but during the year ranged in the main between 14% and 16% and while ordinary share prices fell by about 5% over the year, the FT Ordinary Share Index ranged from 265 to 421, ending the year at 355. By the end of 1975 the difference in the yields obtainable from long-term British Government stocks and from ordinary shares had reached 9½% and, as I reported in my Statement a year ago, we were by then investing all our new money in British Government stocks. Although falling back from the 9½% level the yield gap has remained wide and our policy has continued on similar lines throughout 1976. Of a total new investment of £80M for the Society, excluding our subsidiary company Pensions Management (SWP) Ltd which is dealt with later, nearly £66M (82%) was invested in long-term British Government stocks and £8M (10%) was used to increase amounts held on short-term deposits, while £4M (5%) was invested in property and only £2M (3%) in UK ordinary shares. During the first few weeks of 1977, most of the short-term deposits, not earmarked for liabilities of a cash nature were also invested in long-term British Government stocks.

During the past two years we have invested £116M in long-term fixed interest securities, mainly in British Government stocks, at rates of interest which would have been considered unobtainable a few years ago. These substantial investments at high rates of interest together with increases in dividends on our equities have with our other investment operations in recent years all contributed to increase the gross rate of interest earned on the Society's funds to 10.56% compared with 10.06% in 1975, the latter rate being calculated for comparison purposes by assuming that the transfer of £100M from investment reserves was made at the beginning of the year instead of the end.

EXPENSES OF MANAGEMENT. With the expansion in our business, it is to be expected that operating costs will rise but it is distressing that by far the larger part of the increase is forced upon us once again by the very high rate of inflation experienced during the year. Vigorous efforts have been made by all members of our staff to contain the inevitable increases in these costs.

SOCIAL SECURITY PENSIONS ACT 1975. The Society has been heavily involved for many months in assisting employers to decide whether or not to contract-out of the earnings-related pension element of the new State scheme which commences in April 1978.

We were, however, concerned to hear of the warning from the Chairman of the Occupational Pensions Board (OPB) that, because of the pressure of work which will build up in the second half of the year, the OPB would not necessarily be able to issue the certificate of contracting-out before the new State scheme starts in April 1978, even if a notice of intention to contract-out is issued to employees in September this year to enable the formal election to contract-out to be made in December. The inference from this is that if an employer has not issued a notice of his intention to contract-out before September, he may not be able to contract-out as from the start of the new State scheme. If this is the case, a serious situation could arise since employees and their employers would have to pay the full new State scheme contribution rather than the reduced rate until the contracting-out certificate is issued as well as any contributions to the private scheme. We are as anxious as the OPB to avoid bunching up of the work towards the end of the year and to this end we have been working to a carefully arranged programme to try to ensure an even spread of the load both for ourselves and for the OPB. Apparently the OPB are now expecting the pensions industry to compress the work into a much shorter period and, as this may prove impossible, the Board should give an assurance without delay that, provided an employer wishing to contract-out

complies with the Act which does not contain any provisions requiring an election to be given before December, employees and employers will not be required to pay double contributions because of administrative difficulties of the OPB.

NATIONALISATION. The activities of the Society include the maintenance of over 500,000 ordinary policies and the administration of over 7,500 pension schemes. These are formidable statistics and we try not to forget that they represent individual men and women. The Society's principal objective must ever be to promote the interests of these individuals by striving continually to control the costs of administration while providing efficient service, and by investing their premiums to achieve the best possible return consistent with security.

The Society has followed these principles for over 160 years through many generations of policyholders and from this has flowed the excellent results achieved by our with profits policies over a very long period. We are also keenly aware that there are many other fine well established life offices in the field and this acts as a spur to us as no doubt the Society does to them. Healthy competition is a most important ingredient of excellence. Would there not therefore be an immense sense of loss if any or all of these fine and diverse institutions were to be constrained within the uniform framework of nationalisation?

The promoters of the nationalisation proposals claim that the lack of investment in industry is the cause of British economic problems (rather than a symptom) and there should therefore be power to direct the accumulated savings of millions of ordinary men and women into selected areas. There is no reason to suppose that this would solve the general investment problems of industry. The direction of the investments of insurance companies, whether through nationalisation or by any other means, could lead to the diversion of policyholders' money into projects which are basically unprofitable, or even into those which the State wishes to support for political reasons. We do not believe that such developments would be in the interests of our policyholders and we are therefore firmly opposed to any form of nationalisation of the insurance industry and to any form of direction of investments.

INVESTOR POLICY FUND. During the year the price of First Series Units in the Investor Policy Fund increased by 14% compared with a rise of 0.9% in the FT Actuaries All-Share Index adjusted for capital gains tax liability and the reinvestment of net income. The longer term results continue to be very satisfactory and since the commencement of the fund in October 1966 the price of First Series Units has increased by 209% compared with an increase of 130% for the FT Actuaries All-Share Index adjusted to the same basis.

From 1 June 1976 new policies linked to First Series Units were no longer issued although First Series Units continue to be issued for policies effected before that date, and a new series of policies designated Second Series was introduced which are linked to Second Series Units in the same Investor Policy fund.

PENSIONS MANAGEMENT (SWP) LTD. During the year the cost of a fund share increased by 8.4%—a figure intermediate between the rise of 2.3% in the FT Actuaries All-Share Index and 15.1% in the price of 2½% Treasury Stock both adjusted for comparative purposes for reinvestment of gross income. Since the commencement of the fund in September 1968 the cost of a fund share has risen by 84% compared with rises of only 37% and 27% respectively for the FT Actuaries All-Share Index and 2½% Treasury Stock adjusted to the same basis.

NEW HEAD OFFICE. The Annual Meeting on 26 April will be the first to be held in our new Head Office building at Dalkeith Road. The move to the new building has enabled us once again to house our Head Office staff in one building and this, together with the good working conditions and modern equipment, has already contributed to increased efficiency. It is a source of considerable satisfaction to own and occupy a building which has received such widespread commendation.

FUTURE OUTLOOK. In recent years, it has become virtually impossible at the beginning of each year to make a reasoned assessment of the prospects for the year ahead. Too often Government policies have faltered because of pressure groups both inside and outside the Government, whose motives appear to be to use economic difficulties to obtain power for themselves and whose aims, often put forward in the guise of social justice and democracy, are narrowly political and far removed from the wishes of the vast majority of the British people and the needs of the nation.

Inflation continues to be the principal enemy of real growth in our economy. With the further breathing space provided by the IMF loan and other massive Government overseas borrowing, it is essential that the Government should pursue relentlessly policies aimed at reducing the inflation rate to a minimal figure. Only then will industry face the future with the confidence to expand and thereby secure the future growth on which ultimately the wealth of the nation and the standard of living of our people depend. As a nation, the British people are fortunate that nature has endowed the country with large quantities of oil. With the ever increasing flow of this oil over the next few years, there is no reason why the prospects for Britain, if only we do not squander the opportunity, should not be better than they have been for the whole of this century. While the British economy this year still faces many uncertainties, we are confident that we shall be able to continue to provide good results for our members and an efficient service over the whole of the life assurance and pension fields.



SCOTTISH WIDOWS
A better life assurance.

FINANCIAL NEWS AND MARKET REPORTS

Stock markets

Strong rally on cheap buying

Share prices rallied sharply from a weak start as buyers started to get the upper hand at the lower levels.

Early trading had seen a continuation of the post-Budget profit-taking and by 1 pm the FT Index was 7.3 off. Thereafter, "cheap" buying, though not great, proved to be the dominant influence and by the close the index had more than halved its earlier decline to end at 402.5, a net loss of 3.1.

Dealers said that once again trading was light and they see little improvement before the holiday. Looking beyond that, the likely course of events is harder to predict, though most market men would settle for a

quiet period with prices losing some ground in the face of pay policy and inflation worries. In the gilt-edged market, there was a similar pattern, though trading was far more active. Long dates quickly lost up to one and a quarter points on profit-taking but by the end of the session had clipped the losses back to around three-eighths.

"Shorts" fell between one-eighth and one-quarter on balance. Leading industrial shares ended close to overnight levels or just a little easier after recouping earlier losses of several pence. Typical were unchanged positions from ICI 3p, Unilever 4½p, Glaxo 46½p, the last named having been particularly weak earlier on its disappointing result the previous day. Fisons were just a couple of pence lower at 330p.

Among the engineers, Hawker Siddeley failed to rally, and closed 8p down at 502p. Tube Investments shed 4p to 380p and GKN 2p to 326p, ahead of figures. The annual meeting of FMI had the shares just half a point lower at 55p and Herbert Morris stayed at a firm 257p in the hope of still higher bid terms.

Speculators, impatient for more takeover news, decided to sell Gallenkamp and the shares dipped to 277p, a drop of 28p, at one stage. But buyers restored the position to some degree and the price climbed back to 287p, a net loss of 12p.

Fading bid hopes left Wolverhampton & Dudley Breweries 5p off at 147p and diesel engine-maker, L. Gardner, where Rolls-Royce has a stake, 4p off at 199p. But Cavenham advanced 5p to 125p on the conviction that further takeover moves cannot be long delayed.

There was a good deal of interest in the stores sector where Grattan held firm at 98p after figures which were generally better than expected. But there was little response from fellow mail orders

Freemans, down 2p to 96p, and Empire Stores, which lost a penny to 107p. Elsewhere in the sector, Mothercare was on offer as brokers reviewed their books and the shares dipped 10p to 262p. The company is the first of the sector due to report which has a March year-end and the feeling is that the first two months of 1977 failed to match the latter period of last year. Two other companies—Woolworth at 52p and United Drapery at 67p—were reported to have been revising earlier profit forecasts.

In the building sector, Ruxley Portland held firm at 52p after Monday's figures and crane group, G. Soarow jumped 10p to 144p after profits and a bullish forecast. The prospect of cheaper mortgage rates helped some house-building issues like Wm. Whittingham, unchanged at 19p. Wimsey at 54p, Crest Homes at 41p and Barratt Developments at 88p to put up a comparatively firm showing.

Ocean Transport's good figures failed again to stir shipping shares. Ocean itself moved 5p to 152p, while Furness Withy, a fellow member of O.T.L., lost 4p, for a close of 238p.

The oil pitch was specifically hit by the weakness of Wall Street, also hit by inflation worries. The talk of some form of settlement from the Bank of England helped Burnmah to stay firm at 59p.

In electricals, a big contract with Nigeria did not help GEC.

The shares in BSR's one-for-five rights issue at 105p a time shed 2p to 10p, but could come in for more attention. They are entitled to the net final dividend of 3.45p which is to be paid on May 30. Nor will the "new" go fully paid until April 15. Just a week later comes the annual meeting where shareholders should hear encouraging trade news.

3p lower at 168p, but EMI, at 199p, put up a good showing on news of scanner orders from Japan.

Tate & Lyle shed 6p more to 250p in the food sector as investors continued to be nervous about the industry's rationalization, while B. Matthews was another sector stock well down, losing 8p to 117p on profit-taking. Wedgwood was another dull stock, shedding 9p to 174p, while disappointment at rights issue terms, had Marshall's Universal 6p off at 168p. The issue was predicted here last week.

Among companies reporting figures, Thomson Organisation dipped 10p to 440p in spite of profits above most estimates. Earlier statements boosted Mooney & Hawkes 9p to 102p and Cape Industries 2p to 116p. Silhouette responded to some favourable comment with a gain of 4p to 38p.

Equity turnover on April 4 was £45.16m (17,044 bargains). Active stocks yesterday, according to Exchange Telegraph were Shell, ICI, BP, Burnmah, BAT DfD, Thorn ordinary, P. O. Odean, Lloyds, GKN, Thorn "A", Distillers, Courtauld, Rank, Becham, Gallenkamp and Hambro Life.

Dividends are shown on a gross basis. To establish gross multiply the net dividend by 1.54. *As forecast. †Adjusted for scrip issue.

Latest dividends

Company (and par value)	Ord div	Year ago	Pay date	Year's total	Prev year
Bank of Scotland (£1)	4.88	4.43	25/5	9.75	8.86
City of London (£1)	0.52	0.5	31/5	—	2.1
Grattan Warehouses (25p) Fin	3.56	3.09	14/6	5.21	4.74
Hambro Life Ass (25p) Fin	10.5	10.5	1/7	15.0	15.0
House of Lords (25p) Fin	1.71	1.54	18/6	6.04†	5.49†
Marshall's Univ (25p) Fin	3.09	2.8†	—	6.5*	—
Molins (25p) Fin	4.5*	—	24/5	1.88	1.71
Oil Explor (10p) Fin	1.88	1.71	—	4.39	4.29
Y. W. Sparrow (20p) Fin	2.89	2.89	—	5.29	4.81
Thomson Org (25p) Fin	3.21	3.21	10/6	4.65	4.41
Unilever (25p) Fin	3.1	2.81	26/5	2.02	1.83
Wm Morrison (10p) Fin	2.02	1.83	—	2.0	1.22
Thomas French (10p) Int	1.0	1.0	1/7	1.6/5	1.6/5
William Booton (10p) Int	0.5	0.5	12/5	2.0	1.82†
Greenbank Ind (10p) Fin	1.0	1.33†	16/5	3.41	3.1
Richards (Leics) (25p) Fin	2.31	—	31/5	—	—

Unicorn doubles but volume and margins still below peak

By Nicholas Hirst

Increased sales volume led to sharply improved profits in Unicorn Industries, the coated abrasives, industrial diamond merchant and grinding wheel group. For the year to December 31 they were nearly doubled at £5.07m against £2.57m.

But volume is still not back to the best levels of 1974 and the room for improvement depends both on the rate of increasing demand and the growth of competition—which is likely to be fiercer than in the previous top of the cycle.

Last year margins were helped considerably by the dollar sales of diamonds, which had a very good second-half, on which the profits are unlikely to be sustained. With construction industry demand remaining

flat throughout the world (excluding the Middle East), this year, growth will depend on the mining, gas and oil exploration industries.

The state of the construction industry will also be a depressive influence on the coated abrasives division in Britain. However, there will be benefits from slowly increasing industrial activity.

But last year overseas companies made only £1.2m out of trading profits of £5.13m while accounting for a third of sales. World-wide, grinding wheel margins were the worst of the group's three divisions last year. But with demand rising in the United States, and a smaller dependence on construction than in the other divisions, margins have considerable potential for improvement.

While the profits picture was

radically changed last year and with the trend rising throughout the period, the balance sheet is also transformed. Positive cash flow and an increase in the rate of stock turnover has left borrowings, the greater part of which are medium-term and overseas, £1.5m lower at £8.3m. A surplus on a property revaluation has helped increase shareholders funds to £25.3m leaving borrowings at a third of shareholders funds against more than a half last year.

Capital investment this year will be lower than last year's £1.5m. While stocks could require £3m or so even with small acquisitions, the borrowings should be contained. Earnings of 11.3p cover the increased dividend of 7.48p gross more than twice. The shares at 79p yesterday were unchanged.

Morgan Grenfell reveals some of its strength

Morgan Grenfell Holdings, the merchant banking and financial services group, increased profits after tax and transfers to inner reserves by 26 per cent to almost £2.5m in 1976. A one-for-four scrip issue is proposed.

During the year, the merchant bank subsidiary, Morgan Grenfell & Co transferred £1.5m from inner to disclosed reserves.

In the annual accounts, holding company chairman Mr J. E. R. Collins reports: "while we have the resources to back our rapid expansion, these resources are to a considerable extent hidden; it now seems appropriate to bring some of our inner reserves out into the open to augment our published reserves and to demonstrate our belief in the permanence of these moves by adding to the paid-up capital."

The British Bank of the Middle East

A Member of The Hongkong Bank Group

"Ever-increasing commercial and development activity."

Highlights from a Statement by the Chairman, Angus Macqueen.

Year's Results and Capital Changes

Record results were achieved in 1976. After making provision for outstanding in Lebanon considered to be irrecoverable the after-tax published profit was £4,462,000, which is slightly less than the £4,512,000 recorded for 1975. During the year, The Hongkong and Shanghai Banking Corporation took up a further 2.5 million shares of £1 each for cash, thereby increasing the Bank's issued capital to £20 million and making the total of issued capital and reserves £40.5 million.

Balance Sheet

Current, deposit and other accounts rose by over 50%, almost exactly the same rate as in 1975, taking into account a fall of about 20% in the value of the pound. The total Balance Sheet has increased substantially from £1,470 million to £2,190 million.

The Middle Eastern Scene

In 1976 there was much loss of life and destruction of property in the Lebanon. The establishment of an Arab peacekeeping force led to a cease-fire which has held firm and the country now faces the enormous task of reconstructing a shattered economy. With the exception of Lebanon, the main areas of the Bank's operations have had a remarkably uneventful year. What causes most concern is the continuing dispute between the Arab states and Israel, the problem of Palestine, which lies at the heart of nearly all the troubles of the Middle East and in which it is certain that no further progress can be made without the active participation of the United States. A clear development has been the rise in influence of Saudi Arabia, which has become a dominant force in international affairs. Economically, 1976 was a year of consolidation and growing realism in most Middle Eastern countries. Existing infrastructures imposed limits on the growth rate, resulting in delay to some development projects and the postponement of others. Nevertheless, rapid progress was made in many sectors, notably in road and housing construction, the provision of education and health facilities, and the growth of local industries.

Regional Banking Activities

There was increased commercial and development activity in the area in which our business is concentrated. In Tunisia, our operations have been merged with those of other financial institutions, resulting in the formation of a new bank, Banque Internationale Arabe de Tunisie. In Saudi Arabia, preliminary steps have been taken to conform with a government requirement that all foreign banks should incorporate their branches into new banking organisations domiciled in the country.

In the annual vote of thanks to Staff special mention must be made of our personnel at Lebanon branches and we wish them happier and more peaceful days in the future. The pressure of work arising from the greater activity of branches elsewhere than Lebanon made its own special demands on our Staff and all responded most splendidly.

The Chairman's Statement is contained in a Report and Accounts booklet obtainable from the Secretary at Head Office.

Branches in:
Afars & Issas - Bahrain - India - Jordan
Lebanon - Oman - Qatar - Saudi Arabia
Switzerland - United Arab Emirates
Yemen Arab Republic

Head Office & London Main Office
99 Bishopsgate,
London EC2P 2LA
Telephone 01-638 2366
Telex 884293

London West End Office
Falcon House, Curzon Street,
London W1Y 8AA.
Telephone 01-499 0941 Telex 27544

FINANCIAL NEWS

Tobacco machinery spurs Molins to king-sized jump

By Richard Allen
Molins, the cigarette machinery specialist which limped to the market last July, has beaten the profits forecast made at the time by a king-sized margin. The outcome for the 12 months to December 31 turns out at £10.53m pre-tax against £8.1m in the previous year and its prediction of £9m in the event almost 77 per cent of the 3.6m shares issued then were left with the underwriters.

Despite the strength of the improvement, however, Molins is not prepared to predict that the current year will show any significant improvement.

The 30 per cent profits boost

was achieved on turnover only 12 per cent better at £91.85m and sales volume actually fell by between 5 and 10 per cent. Exchange gains clipped in £400,000 of total profits, but the main impetus came last year from better-than-forecast trading and operating performance in tobacco machinery.

Meanwhile, market reception for its improved M19N filter cigarette-making machine was encouraging but considerable foreign competition has emerged in the cigarette packing field—especially in flip-tops—and demand has been less buoyant.

In paper and packing machinery both operating units have

held their market share in a continually depressed market. Despite a reduced order book for corrugating and paper machinery there are now signs of improvement in the industry. Tobacco machinery orders in hand are at about last year's level.

After-tax profits were nearly 24 per cent better at £5.27m and earnings a share rose from 17.3p to 17.6p and to 19.6p based on the average number of shares in issue last year.

The forecast dividend payout of 10p gross is covered 2.7 times.

Imperial Group and BATs each have stakes of just under 24 per cent in the group.

Marshall's spices cash call

By John Brennan

A 44 per cent increase in 1974 profits to £2.6m pre-tax, a £1.3m one-for-two rights issue at £1, and a 25 per cent increase in current year dividend failed to entice Marshall's Universal's shares. They closed 2p lower at 170p.

Around 70 per cent of trading profits came from the East African Peugeot distributorship and a service operation last year. But a full year's contribution from the Peugeot and Rover paper merchandising business acquired last summer is expected to move the balance towards a 50:50 United Kingdom to overseas earnings split in 1977.

The bulk of the £1.38m rights issue proceeds is earmarked for expansion in Britain.

Dividends for 1976 have been increased by the maximum to 9.2p gross, over six times covered. This raises the historic yield to 5.5 per cent, the prospective yield on the new rights issue shares to 11.6 per cent and the ex-rights prospective return to 7.9 per cent.

Interest rates likely to dip further, says Allen Harvey

The Allen Harvey & Ross discount house started its new year with the expectation of further falls in interest rates, while the asset side of the balance sheet shows little change on last year, writes Mr M. E. R. Allsopp, chairman, in his annual statement.

At February 5, the house had an investment of £30m in the gilt-edged market, which was being held for capital appreciation. The holding of local authority and public board debt has risen by £13m to £28m which the board believes will strengthen the house's running profits.

Meanwhile on or before October 1 next, it will be redeeming the 4 per cent cumulative preference shares and the board will be examining its capital structure.

Wm Morrison up 16pc

Record results are again

nursed in by Wm Morrison Supermarkets, although the

growth in profits was less than half that of sales. On turnover

35 per cent up at £65.99m, pre-tax profits rose by 16 per cent

to £1.91m in the year to January 31. At half-way, a turnover

of over £64m was forecast. Meanwhile, the total gross dividend is raised from 2.82p to 3.11p.

Sparrow's 3-for-2

Shareholders of G. W. Sparrow & Sons, crane hire, not only

receive a gross dividend of 7.42p against 5.67p but also a three-for-two scrip. On turnover up

from £7.2m to £8.5m, pre-tax profits are 23 per cent up to a

record £1.3m for 1976. Earnings a share are 29.1p against 23.3p. The new year, meanwhile, has started well.

Getan to liquidate

Since February Getan, Newcastle-based car dealer, has been "extremely short of working capital". The Strakers (Newcastle) subsidiary lost its Ford franchise and has been sold to

Henlys. Offers for other parts of business have been received. The board proposes to go into liquidation and is calling an extraordinary general meeting.

York Trailer rally

Well on the road back in the third quarter, York Trailer

finished 1976 with almost doubled profits. The second-half

rose from only £56,000 to £205,000 and the pre-tax

total from £661,000 to £1.19m. For the current year, the directors look to a record

total of at least £1.6m. Sales moved over £5m from £17.08m to £21.19m, and attributable profit from £238,000 to £569,000. The total dividend gets a lift from 2.68p gross to 2.96p.

L. Gardner talks

Diesel engine makers L. Gardner and Sons has been speculatively linked with Rolls-Royce

Motors, which has a near-17 per cent stake. In its annual statement, Mr Clayton Ellis, chairman, says that "any discussions on a national level about industrial diesel engines" should include Gardner's. It was no secret, he said, that the board had had talks with the Department of Industry, National Economic Development Office and National Enterprise Board as well as Rolls-Royce.

Rally at Richards

After a fall at half time, a second-half recovery of 26 per

cent to £247,000 leaves profits of Richards (Leicester) 6 per

cent up at £490,000 for 1976. Turnover of this iron-forester

and engineer rose 14 per cent to £4m. Earnings a share are

held at 12.2p while the dividend is a maximum 5.25p gross against 4.77p.

Lerose late spurt

On turnover up 26 per cent of £12.8m, pre-tax profits of

House of Lerose rose 49 per cent to a record £1.39m. This

follows a 72 per cent jump in second-half profits to £836,000,

and gives earnings a share of 9.7p against 8.7p. The dividend of this ladies' knitted

outerwear group is raised from 4.9p to 5.4p gross.

Green Bank tops £1m

Good news from Green Bank Industrial Holdings, in industrial engineering

and design, show a big profit increase and a scrip. On sales up

from £5.2m to £7.4m, pre-tax profit jumped 44 per cent to

top £1m at £1.4m. The scrip is a one-for-three. Meanwhile, it

pays a total raised from an adjusted 2.8p gross to 3.08p. The company now controls some

68 per cent of Pipe Profiling Equipment.

Albright in two year investment programme

By Ronald Pullen

Albright & Wilson is in "excellent shape" to meet its increased capital spending commitments of £50-£60m in the next two years. Three new projects are announced involving a total outlay of £26m.

The major proportion of this will be for two related plants costing £19.5m at Whitehaven for expansion of its phosphoric acid and purification capacity.

The phosphoric acid plant will cost £11.4m and will raise capacity to 250,000 tonnes a year. It is designed to take some of the load off its older installations at the Marchon Works.

The purification plant will cost £8.1m and the product will be of a quality suitable for most non-ferrous applications. Construction of both plants will begin this year and completion is planned for mid-1979.

ERCO Industries, Albright's Canadian subsidiary, is also to invest £5.83m in a sodium chloride plant in Ontario to service the Canadian pulp and paper industry.

The smallest new plant will produce synthetic organic chemicals for its fine chemicals Bush Boake Allen subsidiary. It will cost £715,000.

With last year's cash inflow of £30m, £10m of unused banking facilities, and cash in hand of £35m Albright sees no problem in pushing up capital spending to this level after last year's cutback.

The previously troublesome Long Harbour, Newfoundland phosphorous plant is seeing better times now that the No 1 furnace has been rebuilt. The No 2 furnace is due to start production later this year.

The group is not expecting any big improvement in the current year but it expects new capacity coming on stream late in 1977 and 1978 to improve longer term prospects.

Current cost accounting figures lower pre-tax profits from the stated £31.6m to £17.9m leaving the dividend uncovered.

Yellow Pages go well in Thomson £5m rise

By Our Financial Staff

Thomson Organisation increased turnover by £48.3m in 1976 to £285m. After interest payments of £5.52m against £3.04m, pre-tax profits were up by £5.27m to £15.18m.

Earnings were 11.23p against 7.85p per share. A gross final dividend of 4.94p per share has been recommended which, together with the interim dividend already declared, increases the total payment by the maximum permitted under the Government's counter-inflation measures to 8.14p gross per share.

Trading losses by Times

Newspapers, excluding those of The Times, were cut by a third to £1.47m while the contribution from the group's regional newspapers expanded by £1.55m to £5.58m.

Other publishing interests, which include Yellow Pages, enjoyed the strongest proportionate advance with a rise in trading profits from £3.81m to £6.56m. Thomson Travel took another stride forward from £6.38m to £7.3m.

The comparative figures for 1975 have been restated to take account of the reclassification of certain expenditure made in 1976.

Mining deal rouses rebels

Briefly

Two groups of dissident shareholders have been set in motion to forestall the merger plans for Globe & Phoenix Gold Mining and Phoenix Mining & Finance.

They have joined together to form a shareholders' action committee to oppose the projected merger between the two companies and also the takeover of Worldwide Group, a technical skills employment agency.

While not in principle opposed to the merger, the committee, headed by Major C. Lomax, a retired publisher, are out to prevent the acquisition of Worldwide for £250,000. This is said to be more than half the combined companies' liquid assets.

Oil exploration

Turnover for 1976 up from £1.89m to £2.47m and net profit from £361,000 to £571,000. Total gross payment again 2.9p.

RUBEROID

Ruberoid is to make an agreed bid of 65p cash share for the 61 per cent preference shares of its subsidiary, Vulcanite, not already owned. Ruberoid owns 53.5 per cent of preference shares already.

Land value

The board of Land Value Limited is having talks which could lead to a cash offer of 24p per share for the company's capital.

A further announcement will be made as soon as possible and meanwhile shareholders are recommended not to sell their shares.

Loan for Turkey

Export Credits Guarantee Department has guaranteed £20m loan which Lazard Brothers, for syndicate of London and Scottish clearing banks, has made available to Istanbul Petrol Rafinerisi, Turkey.

NFU-FMC offer

In formal offer document in its 97p cash offer for FMC, NFU Development Trust emphasises that it is a long term investor in FMC and is confident on company's future.

Scottish Widows' Fund

Total income for 1976, £154.67m (£127.65m). Amount added to funds was £80m (£70.78m).

IMP METAL INDUSTRIES

Sir Michael Clapham, chairman, says that profit this year is unlikely to match 1976 pre-tax record. Capital investment to be £17.5m.

LONRHO-STANDARD

Board says Standard Chartered Merchant Bank has now been formally appointed a merchant bank to Lomro Group.

Business appointments

Lord Stokes heads British/Arab company

Lord Stokes, president of British Leyland, has been made chairman of the British Arab Investment Company, which is jointly financed by the National Research Development Corporation and the Saudi Arabian Investment Company.

Mr Niall C. Macdiarmid has gone on to the board of Unicor Industries.

Mr J. F. Plowman will be retiring from the board of Courage and relinquishing the chairmanship of its wines and spirits company Saccoccini and Speed, on June 11, when he will become deputy chairman of that company.

Mr M. N. E. Cottrill will succeed Mr Plowman as chairman of Saccoccini and Speed. He will continue as managing director.

Mr M. Keach is to be deputy general manager of Equity & Life Assurance from June 23, following the retirement of Mr P. R. Smith as deputy general manager and secretary. Mr C. J. Brockton will become chief secretary and Mr C. O. Beard secretary.

Mr J. C. Armstrong and Dr S. J. Ford become directors of British Aluminium. Dr Ford, managing director of Aluminium Corporation, is to become managing director of BA primary division next April.

Mr A. R. J. Boyle is now a director of National Provident Institution.

Mr E. A. Pollock joins the board of Crown House.

Mr A. J. S. Duckworth will resign as senior partner at Fielding, Newton-Smith on April 30 and will be succeeded by Mr J. Dundas Hamilton.

Mr Richard Boxhall and Mr Richard Fearn, associated members of L. Messel, are to become partners. Mr Derek Palmer and Mr Michael Bourne will be leaving.

Mr Gordon Gilby has been made managing director of Seward Baker from July 1. Mr Ian Robson, the present managing director, will remain on the board until his retirement early in 1978.

Mr R. W. Price becomes a director of Compair Construction and Mining.

Mr Gordon Bull has been made a director, joint chairman and chief executive of Banks (Ireland).

Mr G. B. Peters has succeeded Mr I. S. McEwen as executive director of Bank Line. Mr McEwen remains on the board.

Mr John I. Tweedie-Smith, a member of the board and a former joint managing director, has been elected chairman of E. S. Mandy.

Mr Trevor Knibb has been made chief executive and joint managing director and will continue as

Mr David Woodward (left), who joins the main board of Fine Fare; Mr Gordon Mitchell, new executive group chairman of Hollis Bros and ESA.

deputy chairman. Mr John Hardy becomes a joint managing director.

Mr John Barlow has been made an additional director. Mr Kenneth Golding has resigned as chairman and managing director on taking up the same offices in Freeport Investments, the holding company of the group's Bahamas operations.

Mr Gunter Rischer and Mr Henry Rollet become executive directors and general managers of Banque de la Société Financière Européenne.

Mr Sado Hirono is to be the new general manager of Fuji Bank's London branch. He succeeds Mr Kazuo Tanahashi, who is returning to Tokyo.

Mr Gordon Mitchell has been made executive group chairman of Hollis Bros & ESA, but remains group managing director and chairman of the 22 operating subsidiaries. He succeeds Mr R. D. Gurbie who has retired as non-executive chairman.

Mr J. W. Webb has joined the board of Andrew Weir Insurance. Mr T. H. Meredith has been reappointed as chairman of the Midlands Electricity Board.

Mr A. G. Fowler is now director of finance and administration of Rank Hotels. Mr F. J. Whitehouse becomes director of operations.

Mr Alan Scott has joined the PDI board as managing director. He also joins the group board of the holding company, William Cox.

Mr Edward Stanger becomes group managing director and chief executive of Ford & Weston Holdings.

Mr R. F. J. Stafford has been made financial director of Trident Group Printers. He remains company secretary.

Mr A. G. Fowler has joined the boards of each of the Dorman Smith Holdings subsidiaries.

Mr J. Hugh Jones has become a director of Beaumont Properties and London Shop Property Trust.

Mr Lian Butler becomes a director of Marconi Radar Systems.

Bank statements for March

Statements of the London Clearing Banks and their banking subsidiaries in England and Wales, the Channel Islands, and the Isle of Man made up to March 15 are summarised in the table below:

	Total	Change	Barclays	Lloyds	Midland	National Westminster	Other
£ millions							
Deposits	44,867	+ 33	12,326	8,982	8,922	13,395	1,342
Loans and advances	1,005	+ 26	318	177	213	278	23
Investments	9,549	+ 11	2,525	2,553	1,993	2,325	253
Other assets	7,779	+ 11	2,525	2,553	1,993	2,325	253
Capital	281	+ 31	218	104	133	206	18
Provisions	3,010	- 24	364	344	409	739	48
Reserve ratio (%)	13.2	-0.2	13.6	13.3	13.1	13.0	13.3

Hambro Life

Preliminary Statement for 1976

The actuarial valuations of Hambro Life Assurance Limited and its wholly-owned subsidiary Hambro Provident Assurance Limited reveal after-tax actuarial surpluses for the year ended 31st December 1976 totalling £5,248,000 and this amount has been transferred to profit and loss account. This amount compares with the forecast of not less than £4,800,000 in the Offer for Sale last July.

The Directors are recommending a final dividend of 10.5p per share, which will bring the total dividends for the year to 18p per share. In the Offer for Sale document the Directors expressed the intention of paying total dividends for the year of 13.75p per share. This dividend will be paid on 1st July 1977 to shareholders on the register at the close of business of 3rd June 1977.

Earnings per share for the year were 27.6p.

As pointed out in the Offer for Sale, the new annual premiums for 1976 included exceptionally large sales of a particular type of policy on which, under the tax laws in force until 31st March 1976, very low life cover and accordingly a relatively high allocation to units could be offered. Leaving out of account sales of this plan (and of the plan which has replaced it) new business for the current year is running substantially ahead of sales for the corresponding period of 1976.



Hambro Life Assurance Ltd

7 Old Park Lane London W1Y 3LJ

Rally at Richards

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Green Bank tops £1m

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Martin saves with the biggest building society in the world because he gets more than just maximum security.

Care.

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HUGH MACKAY AND COMPANY LIMITED

MR. JOHN MACKAY REPORTS

	1976	1975
Turnover	£9,948	£6,537
Profit before tax	382	556
Profit after tax and extraordinary items	187	170
Shareholders' interest	3,274	3,207
Dividend per share	3.25p	2.96p

- A record level of exports.
- Improved profits in second half year.
- Ample productive capacity available to meet expansion in demand.
- A determination to maintain and service the quality market.

The company manufactures high quality Wilton and Axminster carpets at two factories in Durham City and has showrooms in the United Kingdom, Europe and Overseas.

Freeman's Place, Durham City, DH1 1SH, England

Firmer at the close

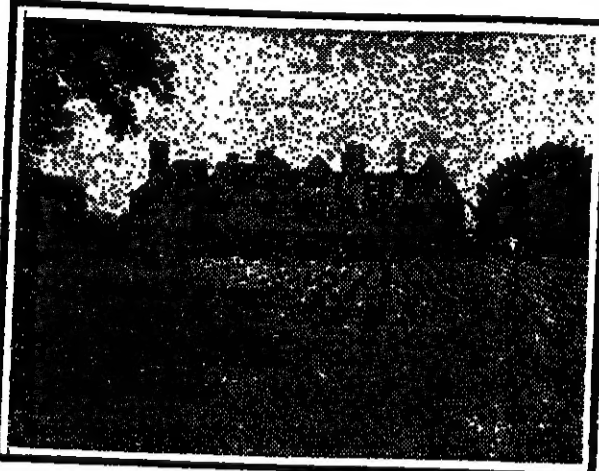
King & Co
Industrial and Commercial Property
Tel: 01-236 3000 Telex: 885485

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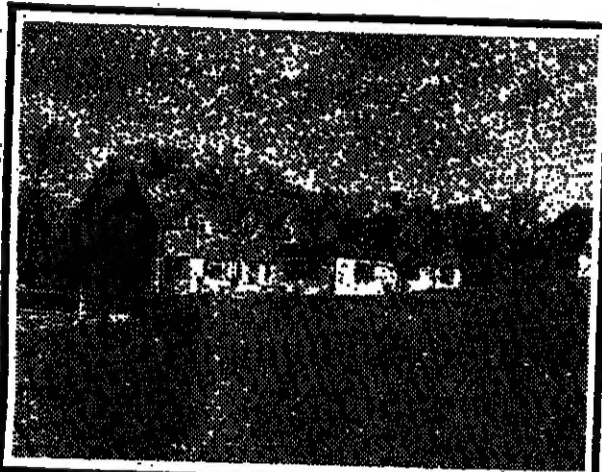
A Selection of Country Properties



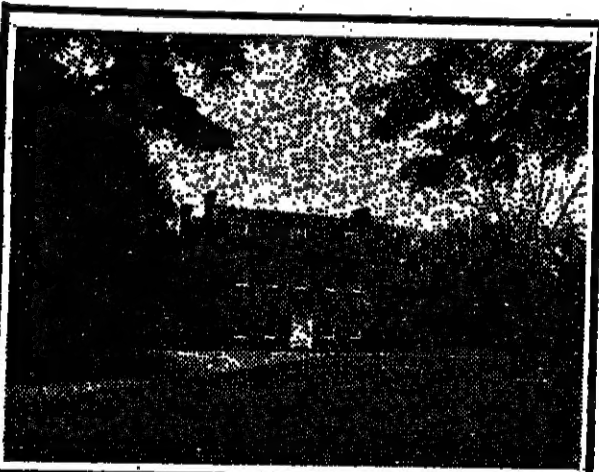
DEVONSHIRE about 943 acres



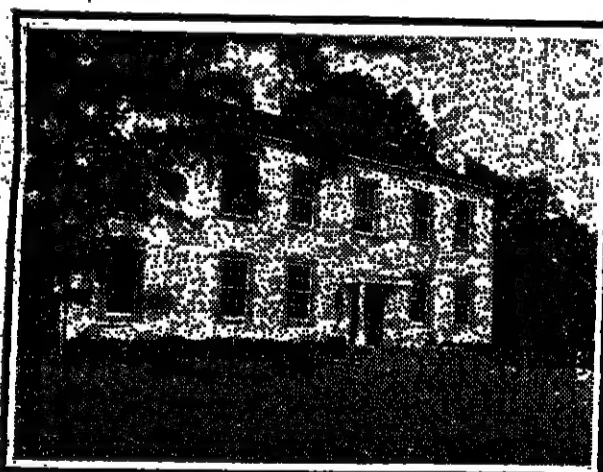
HAMPSHIRE about 585 acres



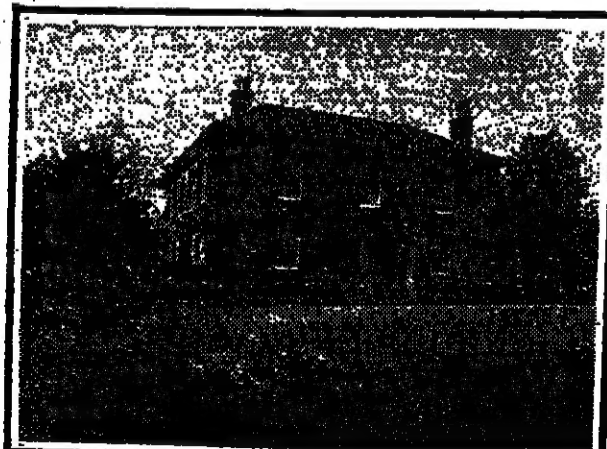
SUSSEX/SURREY about 80 acres



HAMPSHIRE about 28 acres



CAMBRIDGESHIRE about 27 acres



AVON about 10 acres

SOUTH-SHROPSHIRE about 1,046 acres
A FIRST-CLASS INVESTMENT IN A GOOD AGRICULTURAL AREA
3 stock and arable farms in one block (let). Producing £8,200 p.a. Woodland. Sporting rights.

Joint Agents: BENSON & ROGERS COLTMAN (Tel: Craven Arms 3314) and KNIGHT FRANK & RUTLEY Hereford Office (0432/3087)

DEVONSHIRE about 943 acres
SUPERB GEORGIAN HOUSE
3 Cottages. Compact set of farm buildings. Stable block. Parkland. Woodland (let).

Apply London Office (0226/7/CP)

SOMERSET about 875 acres
AN OUTSTANDING RESIDENTIAL, SPORTING AND AGRICULTURAL ESTATE

Impressive Lutyns house. Stabling. Lake. Modern farm buildings. Dairy and Beef Units. 13 Cottages. Woodlands.

Joint Agents: CLUTTONS (Tel: Bath 64214) and KNIGHT FRANK & RUTLEY London Office (0792/9/CP)

GLOUCESTERSHIRE about 493 acres
AN HISTORIC AND BEAUTIFULLY RESTORED HOUSE WITH ESTATE
Stud Farm. Stables and Paddocks. Dairy Farm. 3 Lodges. Farmhouse. 14 Cottages. Lake.

Apply London Office (0468/8/CP)

BUCKINGHAMSHIRE about 365 acres
WILTON AND OLDFIELDS FARM, BEACONSFIELD

Farmhouse (at present divided). Modern Farm buildings. Arable and Pasture land.

Joint Auctioneers: LANGLEY TAYLOR (Tel: 01-242 5038) and KNIGHT FRANK & RUTLEY London Office (0785/1/CP)

SUSSEX about 186 acres
A BEAUTIFUL AND WELL MAINTAINED RESIDENTIAL AND AGRICULTURAL ESTATE
Tudor House enlarged by Lutyns. 7 Cottages. 2 ranges of farm buildings. Pasture. Arable land. Woodland.

Apply London Office (03002/1/CP)

SUSSEX/SURREY about 80 acres
A BEAUTIFULLY MODERNISED PERIOD COUNTRY HOUSE WITH STABLING AND PADDOCKS
Excellent stabling and outbuildings with 17 boxes. All weather schooling ring. Circular gallop. Cottage. Woodland.

Apply London Office (0784/5/CP)

LANARKSHIRE about 64 acres
AN HISTORIC AND BEAUTIFUL COUNTRY HOUSE

3 reception rooms. 5 bedrooms. 3 Cottages. 11 New Loose boxes. Excellent land.

Apply Edinburgh Office (01349/CPSS)

HAMPSHIRE about 28 acres
A WELL MODERNIZED QUEEN ANNE HOUSE

3 reception rooms. 5 bedrooms. 3 stables. Cottage. Farm buildings. Paddocks.

Apply London Office (03028/7/CP)

CAMBRIDGESHIRE about 27 acres
A CHARMING GEORGIAN PROPERTY

2 reception rooms. 4/9 bedrooms. 3 bathrooms. Stabling.

Joint Selling Agents: EKINS DILLEY & HANDLEY (Tel: Huntingdon 56171) and KNIGHT FRANK & RUTLEY London Office (07962/8/CP)

SUSSEX/SURREY about 11½ acres
A MOST ATTRACTIVE SMALL PERIOD HOUSE IN A SECLUDED POSITION ON EDGE OF VILLAGE
2 reception rooms. 3 bedrooms. Stable. Cottage. Ponds. Paddocks. Additional staff Cottage available.

Joint Sole Agents: CUBITT & WEST (Tel: Haslemere 2345) and KNIGHT FRANK & RUTLEY London Office (07808/7/CP)

INVERNESS-SHIRE about 7½ acres
THE EXCLUSIVE SALMON FISHING RIGHTS IN THE RIVER GARRY (3½ MILES) AND LOCH OICH
13 year average catch of 108 salmon. Partially renovated House.

Apply Edinburgh Office (01441/CPSS)

LANARKSHIRE about 982 acres
A VALUABLE AND COMPACT AGRICULTURAL AND RESIDENTIAL ESTATE
4 excellent arable farms (vacant possession). 200 acres of Woodland. 2 principal houses.

Apply Edinburgh Office (01445/CPSS)

LINCOLNSHIRE about 900 acres
A FIRST CLASS COMMERCIAL ARABLE FARM
2 Farmhouses. 3 Cottages. Modern and traditional farm buildings. Arable Land.

Apply London Office (02887/7/CP)

HAMPSHIRE about 585 acres
AN EXCEPTIONAL ESTATE
Principal house. Farmhouse. Gatehouse. 7 Cottages. First class commercial arable and accredited Dairy Farm.

Apply London Office (0700/PP-CP)

BERKSHIRE about 470 acres
CRUCHFIELD MANOR FARM, MAIDENHEAD
Excellent commercial, arable and grassland Farm. Farmhouse. 4 Bungalows. 2 ranges of farm buildings.

Joint Auctioneers: SIMMONS & SONS (Tel: Henley-on-Thames 2525) HOWARD, SON & GOOCH (Tel: Maidenhead 31031) and KNIGHT FRANK & RUTLEY London Office (01245/CP)

OSEA ISLAND about 320 acres
AN HISTORIC PRIVATE ISLAND OFF THE ESSEX COAST

Manor. 3 Houses. 10 Cottages. Commercial Farm. Woodlands. 2 air strips. Private moorings. Exceptional wildlife.

Apply London Office (07949/CP)

BUCKINGHAMSHIRE about 132 acres
A FINE COUNTRY HOUSE WITH FIRST CLASS TRAINING ESTABLISHMENT
Main House. 25 loose boxes. Covered school. 3 Cottages. Bungalow. Paddocks.

Joint Agents: CONNELLS (Tel: Leighton Buzzard 2588) and KNIGHT FRANK & RUTLEY London Office (07527/CP)

GLOUCESTERSHIRE about 85 acres
A LARGE COTSWOLD MANSION WITH OFFICE, RESEARCH AND RESIDENTIAL USE
Main House (15,000 sq. ft.). Workshops. 12 greenhouses. 4 Cottages. 2 tennis courts. Lake. Park.

Joint Sole Agents: YOUNG & GILLING (Tel: Cheltenham 2129) and KNIGHT FRANK & RUTLEY London Office (04529/7/CP)

DEVON - River Dart about 41 acres
AN EXCEPTIONAL PROPERTY WITH SALMON, SEA TROUT AND TROUT FISHING
Over ½ mile of left bank fishing, with Island. Bungalow with 4 bedrooms. Pasture. Woodland.

Apply London Office (07855/CP)

WORCESTERSHIRE about 24 acres
A FINE QUEEN ANNE HOUSE WITH SOUTHERLY VIEWS

3 reception rooms. 9 bedrooms. 6 stables. 2 Cottages. Fishing. Further 22 acres available.

Joint Sole Agents: E. G. RIGHTON & SON (Tel: Evesham 2671) and KNIGHT FRANK & RUTLEY London and Hereford Offices (04164/7/CP)

ISLE OF MAN about 12 acres
A RENOVATED TRADITIONAL HOUSE OF CHARM AND INTEREST

3 reception rooms. 5 bedrooms. 3 bathrooms. Grounds with streams. Beaches.

Joint Sole Agents: ALAN COWLEY & CO (Tel: Douglas 25888/9) and KNIGHT FRANK & RUTLEY London Office (07858/CP)

AVON about 10 acres
A FINE GEORGIAN HOUSE IN A MAGNIFICENT RURAL POSITION

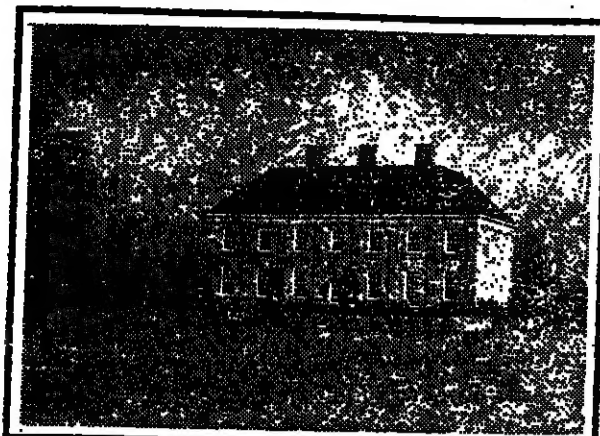
4 reception rooms. 6 bedrooms. 2 Flats. Stabling. Swimming Pool. Cottage. Lake.

Apply Hereford Office (01385/CPSS)

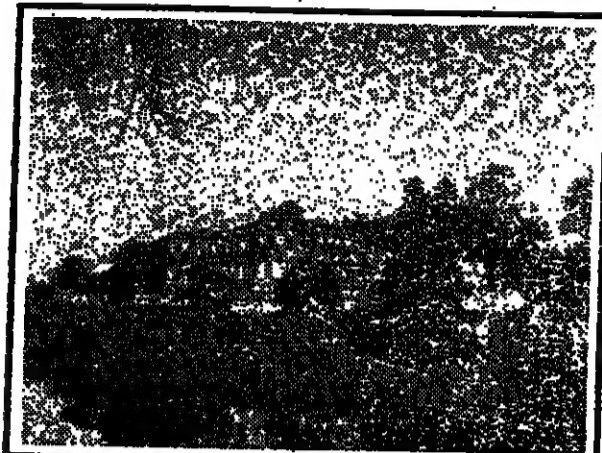
NORTH HEREFORDSHIRE about 4½ acres
A CHARMING GEORGIAN COUNTRY HOUSE IN A DELIGHTFUL SITUATION

3 reception rooms. 5 bedrooms. Stabling. Cottage. Greenhouses. Lake. 280 yards fishing (River Arrow).

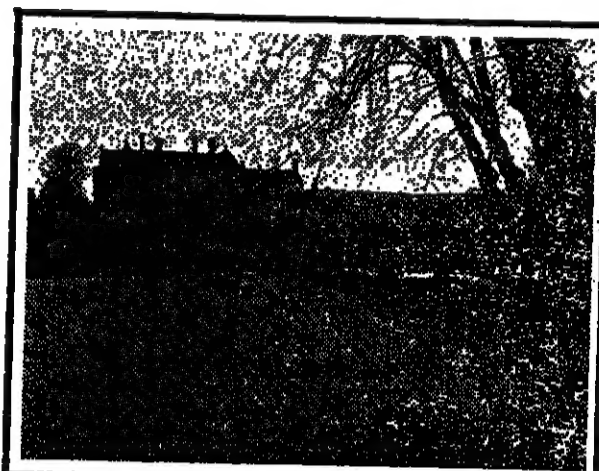
Apply Hereford Office (01927/CPSS)



SOMERSET about 875 acres



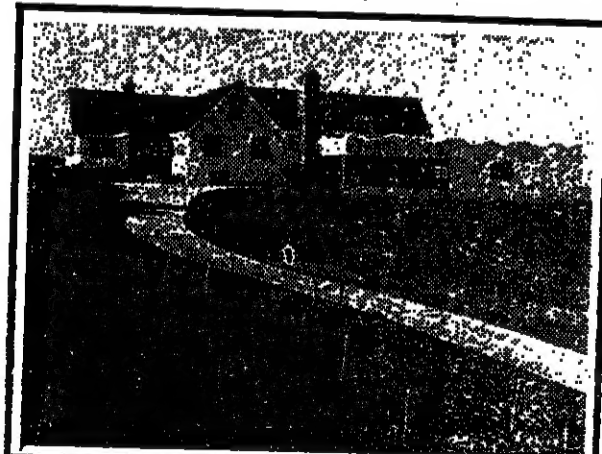
GLOUCESTERSHIRE about 493 acres



GLOUCESTERSHIRE about 85 acres



LANARKSHIRE about 64 acres



ISLE OF MAN about 12 acres



NORTH HEREFORDSHIRE about 4½ acres

KF
+ R

Knight Frank & Rutley

LONDON OFFICE: 20 Hanover Square London W1R 0AH Tel: 01-629 8171
HEREFORD OFFICE: 14 Broad Street Hereford HR4 9AL Tel: 0432 3087

EDINBURGH OFFICE: 8 Charlotte Square Edinburgh EH2 4DR Tel: 031-225 7105
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CHORAL ROUND



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RENTALS

FERRIER & DAVIES

45 Grosvenor Place, S.W.1

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Redcliffe Road, S.W.10, 1st

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